Power in the Empowered Organization:
The Design of Power in Highly Adaptive Organizations

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This paper is an attempt to fill a void I see in typical descriptions of "empowerment" in organizations. Too often what is being described are ways for employees and managers to participate in decisions related to their work. From my point of view, participation is a very modest form of empowerment and doesn't really create the highly adaptable and innovative, yet efficient and focused organizations that are required to compete in the global market. In this paper I synthesize close to 20 years of studying organizational design and consulting to large corporations trying to develop empowered work systems to offer a model of how power is designed into an empowered work system.

Here I am trying to generalize, in a simplified way, how I see the power system working in some socio-technically designed plants, and in companies as diverse as Magna International, Semco of Brazil and Sierra Systems Consultants. These are organizations that have gone beyond rigid "semi-autonomous work team" structures to much more adaptive and fully empowered work organizations. In all cases they keep autonomous, self-contained business units small (under 200 people) so that everyone can pretty much know everyone else in the organization and have a sense of the skills they can bring to bear to an ever changing combination of people and projects.

I'll begin by defining what I mean by empowerment and then describe 3 roles that are the structural building blocks for empowered work systems. A key assumption is that individuals have to be able to exercise the skills that bring power to their roles or they don't get any power. The main contribution of this paper is a description of what people in each role have to do to be powerful. It is only when people are acting powerfully in each role that a system can act powerfully - able to adapt and succeed in it's environment. I will comment on issues in making the transition from traditional hierarchy to this kind of empowered organization.

Empowerment is first and foremost an individual psychological state - different people in the same "objective" circumstance can feel and behave in an empowered or disempowered way[1]. The design of an organization, however, can do a lot toward enhancing or reducing the amount of empowerment people experience at work. I define empowerment most broadly as their willingness to take initiative and make things happen. It's important to understand that the way power flows in an organization does not just

mysteriously happen. The power dynamics of an organization are created, either consciously or unconsciously. Just like organizational structure, organizational power can be designed and redesigned. Structure and culture have captured most of our attention but the power system in traditional organizations also must be redesigned to support the development of highly adaptive yet efficient empowered organizations.

When most managers think of empowering their employees, they think of involving them in decision-making. Involving everyone in every decision, however, does not empower people. The attempt to involve everyone in every decision paralyses decision-making and reduces the ability of individuals to take initiative. **Ironically, well intentioned attempts to create empowerment through total participation eventually reduce the amount of power in the organization as a whole. So what does it mean to empower people if it doesn't mean participation in decision-making?**

Based on a line of research and thinking initiated by Barry Oshry (1977), I have developed a simplified model of the design of organizational empowerment. This model assumes the following:

- "*The 1st prize of power in systems is to be able to act in ways that enhance the capacity of our systems to survive and develop in their environments. If we can't do that all the other trappings of power (control, dominance, intimidation, revenge, bottom-lining) are all booby prizes. They are attempts to look and feel powerful; they are the consequences of not being powerful.*" Barry Oshry, 1977

- People feel empowered when they can yell "ICEBERG" and the ship steers away from potential disaster. People feel demotivated and apathetic when they yell "ICEBERG" and the ship plows into it anyway. **Empowerment is about being able to make things better when you see a better way, regardless of your formal position.** Powerlessness at best demotivates, and at worst leads to rebellion and sabotage.

- Power is not a zero-sum quantity. All organizational members' power can be increased or decreased. Those with the most authority in an organization can feel just as powerless, just as unable to positively influence their systems, as those with the least. Research has shown that the degree of total empowerment in an organization consistently correlates with business performance. **The more everyone feels they can influence the organization for it's own good, the better the organization's performance.**

- Organizational power is about having a say over the means and/or ends of organizing; that is, over what we should do and how we will do it. Not everyone has something to contribute to every decision about means and ends, however. **Organizational empowerment is about ensuring that people can influence decisions commensurate with their positions and interests in the organization.**

- Power is a description of a relationship, not an attribute of a person. A person only has power (or the lack of it) in relationship to

someone or something else. In the final analysis, power is something one gives to another; it is a choice to give someone power over you. Even at the point of a gun, some people choose not to be influenced. To have power in a truly empowered work system, people have to earn it from others - it does not simply come with a job. **People must be able to exercise the skills and abilities that bring power to their roles.**

Roles in Empowered Organizations

Empowered organizations do not have much in the way of hierarchy. They may talk as though they do but that is not really how the power system works. Instead, they have three basic roles that require very different sets of skills and personalities.

These roles have their own areas of decision-making and responsibility and so they exercise power in different ways on different aspects of the business. The vast majority of organization members are "producers", with a thin band of "integrators" and a few "shapers".[2]

PRODUCERS (about 90%) are the people who produce the actual goods and services of the organization. In empowered organizations they are the experts at <u>how</u> to best serve customers and they make most of the decisions about how goods and services will be produced and delivered.

INTEGRATORS (about 8%) are the people who keep the whole running smoothly. They manage the coordination of people and systems, including managing the boundaries of different empowered work teams. They facilitate interaction, problem-solving and decision-making so that producers take into account the big picture and shapers take into account the realities of production. In empowered organizations they make decisions about <u>how</u> to use the systems resources and <u>how</u> to best integrate individual efforts for maximum effectiveness.

SHAPERS (about 2%) are the people who set the basic parameters of the organization: <u>what</u> businesses will be pursued, <u>what</u> performance will be

INTEGRATORS

PRODUCERS

PRODUCERS

SHAPERS
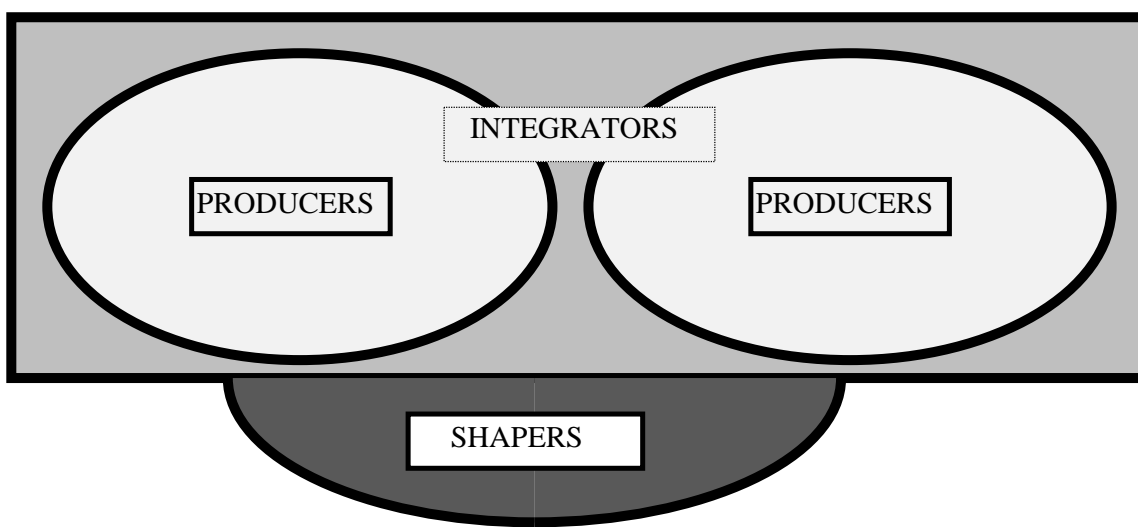
assessed (and how), <u>what</u> rewards will be available, and so on. They are responsible for managing the organization's environment and for anticipating the future.

In highly adaptive organizations, to maintain the necessary flexibility to adapt to changing needs and conditions, people are not slotted into specific jobs. They pick up jobs that need doing when they need doing and go on to other jobs when those other jobs need doing. This is especially true of producers. The core of the fully empowered organization looks like a kaleidoscope of constantly changing teams as people band together to get the work done and then disband when a new configuration of talent is needed. It is the producers and integrators who decide how to organize and reorganize themselves. To make those decisions they need accurate, timely information about the effect of their performance on important organizational outcomes (like profit). In my experience the number one barrier to truly empowered work systems in North American business is that shapers have not developed accurate and useful ways of assessing the performance of producers. Without objective, trustworthy, performance data that producers can use for coordination and decision-making, organizations <u>must have</u> a hierarchy that gives someone the authority to make the necessary arbitrary, intuitive decisions. When used as a way of thinking about business, Total Quality Management is one path to trustworthy numbers.

SHAPERS
STEWARDSHIP creates FOLLOWERSHIP
⇨ energizing inputs (resources + vision)
⇨ correct measures
⇨ distributing the wealth (incentives)
⇨ preparing for the future

Getting power

By taking on one of the 3 organizational roles, individuals take on a sphere of responsibilities for the whole organization, but that does not mean that they get to have a lot of influence over what happens. Power and influence is something that is given to a person. People must be able to act in ways that bring power to their roles or they will not get much "empowerment" - the capacity to influence the system for its own good.

A) SHAPERS

When shapers exercise "stewardship", that condition where the leadership is experienced as there to support people being and becoming their best, then "followership" is naturally evoked.

There are four basic things shapers need to do well in order to generate followership and thereby empower themselves. The first is their ability to provide energizing inputs. One important input is vision. **Vision is energizing when it describes a possible and prosperous future. Far too often organizational vision and value statements are not energizing** because of one or more of the following: they are motherhood statements, there is no prosperity in them, they focus on the mundane and easily doable, they describe a state people don't believe can be accomplished, they have no connection to what is intrinsically motivating to employees. Employees want to follow leaders who can see and articulate a future that is compelling, that

deserves effort, that is exciting to contemplate.

A second, important energizing input is resources. Shapers not only decide how capital and people will be divided amongst units. They are responsible for creating new chunks of resources in the form of new businesses or capital. Leaders who bring in new resources and increase the prosperity of the organization create followership.

Shapers steward the organization by developing "correct measures" of people and processes. Correct measures have the following attributes: 1) They are trustworthy. People believe the numbers. 2) They are useful. Measures not only tell you that you have deviated from what you wanted to achieve, they help pinpoint what the possible problems might be. 3) They are timely. Measures can be used by those being measured to correct their own performance quickly. 4) They measure the right things. By paying attention to these measures, the organization's effectiveness and prosperity increases. 5) There aren't too many of them. **Correct measures provide the necessary stability for the flexibility of empowered work systems. They are like a stake in the ground that everyone uses to build from. Without them, organizations are too chaotic or too authoritarian to be effective in the long run**. With correct measures, shapers don't have to take what appear to others as arbitrary or dictatorial actions. The needs of the business are understood by everyone.

To maintain the involvement and trust of employees, shapers must distribute the wealth created by the organization in a way that appears equitable or they will lose followership. The most effective way to reward

individual's is to 1) reward the groups they belong to and, 2) tie rewards to the performance data used for decision-making. **The perception that rewards are being distributed fairly is essential for followership**. Often, giving employees who have been in traditional organizations more power is enough motivation to make the system run for 5 years or so. After that, people start to feel that if they are going to act personally responsible for organizational outcomes, they should have a piece of the action. Eventually some kind of profit sharing/employee ownership is inevitable to maintain and extend the benefits of empowered work systems.

Followership comes to those who can see and prepare for the future. It is extremely empowering for a shaper to accurately predict events both inside and outside the organization. People want to follow leaders who can steer a course to prosperity. Preparing for the future also entails planting seeds that will bear fruit in the future. **Shaping is a lot like farming; good shapers create the conditions for an abundant crop of production and innovation.**

B) INTEGRATORS

When integrators exercise their "wholeness" then "synergy" is naturally evoked and people want their guidance. By wholeness I'm talking about a couple of things. One sense of wholeness is that condition where a person is whole, not fragmented or internally conflicted, and so he or she is able to facilitate different people coming together and being able to do more through their joint efforts (create wholes). Another sense of wholeness is that good integrators have a sense of the whole organization and so they see what the whole system needs

and how different parts influence the whole.

To gain influence, integrators have to be able to get people's attention; they have to be able to get access to everyone in the organization. They do this by being attentive and responsive to the people they serve and by being good at "integrating". There are some people who seem to be able to get others to work together well. When they are in the room, groups work well and things just seem to run more smoothly. In essence, they create synergy (where the whole is greater than the sum of the parts). That is why they are given power. People want them around and involved. **More than other roles, integrators need a higher than average degree of self-awareness and people skills**. Because they must be responsive to so many different people and groups, integrators run the risk of being caught in the middle and thereby, losing their power. Therefore, **it is very important that integrators develop an independent perspective**. They must understand the perspective of shapers and producers but if they get too identified with either they become clones of that group and lose their distinct power base. Because of their role, integrators are in a position to have the most accurate perception of the organization as a whole. To develop power, they must develop their own perspective on what needs to be done and follow that while still managing the interaction of producers and shapers. AS Barry Oshry points out, The best way for

INTEGRATORS
WHOLENESS creates SYNERGY
⇨ access to everyone
⇨ independent perspective
⇨ facilitating voice
⇨ truth rules
⇨ building learning community

them to do this is to meet regularly with other integrators to share information and coordinate plans.

An important way integrators gain power is by facilitating the voice of others. This means ensuring that individuals and groups are heard in the organization when they have something important to say. Part of the task here is simply getting people to say things that may be unpopular or potentially damaging but must be heard for organizational effectiveness. The other part is getting people to hear things they don't want to hear. Integrators gain power when they are able to facilitate successful confrontations and constructive conflict.

I think the most critical, early ingredient for long term effectiveness is to develop a culture where people tell each other the truth, pleasant or unpleasant including their feelings, reactions and opinions. Individuals cannot make good decisions and act in a usefully empowered manner if they aren't getting all the facts. Win-win solutions to problems cannot be found unless everyone tells what is really in their minds and hearts. People don't tell the truth when they are afraid of how others will react. It is the integrators' role to ensure that there is as little fear of the truth as possible and that there are ways to get scary information into the system accurately without harming anyone. Without this, an empowered work system cannot exist.

One way to summarize the role of the integrator and the basis for his or her influence in the system is to say that

integrators build learning communities. Producers look after producing; integrators look after learning. That does not mean that the integrators do all the learning. It means they ensure learning is taking place. Learning, after all, is the basis of continuous improvement. Do we understand why this failed, why that succeeded, and what we should do differently in the future? Is that learning getting spread out to everyone? If the answers are yes, then integrators are powerful in the organization.

C) PRODUCERS

When producers act with "impeccability", that condition of full awareness, discipline and constant improvement in expertise, then they naturally develop "clout" with others

PRODUCERS

IMPECCABILITY creates   CLOUT
⇨ producing results
⇨ expertise/craftsmanship
⇨ hearing the voice of the customer
⇨ willing to say yes - able to say no

The number one way producers gain power is through their results. Traditionally, and in most contemporary organizations, that power is reflected in movement up the hierarchy. The skills and perspectives required for integrating and shaping are different from those required for producing. Since excellent producers are the ones who tend to get promoted there is not a lot of shaping and virtually no integrating by senior managers in traditionally managed organizations. In the transition to an empowered work system the trick is not so much to eliminate the difference in power between the most and least competent producer currently embedded in levels of hierarchy. It is to stop calling producers managers and holding them responsible for all sorts of things that have nothing to do with producing.

In empowered work systems, the super producers are expected, by other producers as well as integrators and shapers, to give leadership and direction to various projects. They are the ones who meet with important clients, set the direction for projects, give the executive presentations, and they are the ones called on to arbitrate when there is no agreed on way to resolve an issue. In return, they get a larger proportion of the rewards. **In letting go of hierarchical authority, the effective producers high up the hierarchy do not really lose any power**. Their ability to influence the system for its own good always came from the skills that brought results. Hierarchical authority, especially when rooted in authoritarian force and fear of punishment, may serve short term results but it rarely enhances the organization's effectiveness. Senior managers who operate mainly as producers don't have to change their behaviour all that much in the transition to an empowered organization but they do have to give up the attitude that others should unquestioningly accept demands from them.

An obvious way producers gain power is through being perceived as experts and the more critical the expertise to the enterprise, the more influence. Expertise is fleeting in a society where scientific knowledge is doubling every couple of years. In order to maintain power, producers have to be like craftsmen who are constantly

improving their skills and performance, critically examining their own work to look for how things could be done better.

It is important that producers pay close attention to customers so that they can develop standards for what "better" is. One way producers lose their power is to get too insulated in their definitions of good and bad. It is very important for producers to get close to the voice of the customer. Shapers influence this by the kinds of measures they create and the kinds of incentive systems they develop. Measures should bring the voice of the customer to producers and incentives should go to those who please customers in profitable ways.

People are more willing to be influenced by producers who say "yes" to them and to shared goals than to producers who have an "attitude". An upbeat, can-do attitude makes it easier for people to allow themselves to be influenced. It is a way of giving energy to the system and the amount of energy a producer gives to the organization is correlated with the amount of influence accrued. But producers also gain power through their willingness to say no to things integrators or shapers want to do that might reduce the organization's effectiveness. Producers are often closest to the technology and to the customer and are in the best position to know what should be done. Another insight of Oshry's is that this flexibility to say yes when it is the right thing to do and say no when the wrong thing is proposed gives producers power in the organization. When producers are too fearful or apathetic to say no, everyone in the system loses the power to make the organization the best it can be.

How The Power System Works

Power in empowered organizations is not "shared power", where all decisions are made by consensus. It is not about throwing out procedures and letting everyone do their own thing. For people to experience increased power they have to feel that their effort is getting them further than it did in the past, or they can get the same accomplished with less effort. Far too often, in the name of empowerment, people are thrown into a understructured situation and told to accomplish results.

Rather, **power flows out of the unique responsibilities and capacities of the different roles, in unison**. Let producers decide how best to produce. Let integrators decide how best to coordinate the system. Let shapers decide what is, and how to measure, organizational effectiveness and the rewards for effectiveness. **Each relies on the others acting powerfully for their own power**. Integrators can't coordinate production unless shapers have provided clear measures and appropriate rewards. Producers can't produce well if integrators provide little coordination, and won't want to if shapers have not equitably allocated rewards. Shapers cannot create effective organizations without producers and integrators doing their roles well. To be able to exercise power effectively all must have access to the same information and have some say over how resources are allocated, although that does not mean they have an equal say. Each function has the most say over those allocation decisions relevant to their area of power (i.e., shaping, integrating, producing).

Notice that **in taking acts of "power", people also take associated**

risks. This is probably the greatest barrier, in people, to the development of fully empowered work systems: all acts of power require courage. Power is not about being invulnerable or "fire-proof". That is safety. All acts of power make one more visible and invite reaction. Power requires commitment. That is living. An empowered work team requires more risk-taking and courage because the team will have to live with the consequences of it's own actions. Workers will not be able to blame managers or staff groups for poor performance. It takes courage to decide how best to proceed when the consequences are ambiguous and uncertain - but that is what the team will have to do. It takes courage for integrators to develop and maintain an independent perspective in the face of pressure from shapers and/or producers to take a different perspective - it is so much easier to let others have their way and then blame them when things don't work out. It takes courage for shapers to develop and hold on to a compelling vision and allocate resources to make that vision a reality when it will take years to know if it was the right vision - but shapers must resist the temptation to reorient every 10 months and have faith in their visions.

Transition From Hierarchical To Empowered Work Systems

The transition to an empowered organization will require stages of decreasing formality in the organization's structure with corresponding changes in the organization's power and culture. It will be difficult for people to not create an implicit hierarchy of shapers, integrators and producers, with the implication that being a shaper is best and that being an integrator is "better" than being a producer. **Typically, an attempt is made to shift tops, middles and bottoms into the roles of, respectively, shapers, integrators and producers but I don't think this works**, especially with middles. In the organizations I have been in most managers act mainly like producers even though they are in middle or top positions. Those whose personality and proclivities lean toward integrating are not likely to have been promoted up the line organization, for reasons discussed below. Being labeled a producer in an empowered organization may initially feel like a demotion to middle and senior managers. In a truly empowered organization, it isn't. The most central and irreplaceable producers get the power, rewards and status they would have gotten in a hierarchy. Organizational culture will need to evolve so that movement up a hierarchy is no longer an incentive and people gravitate to the role they are most suited for and therefore most likely to enjoy and do well.

Managers' "resistance" to making the transition (other than reasonable fears of headcount reduction) are mainly of two types: 1) managers who don't want to let go of a world in which they are rarely challenged by others, and 2) managers who have stopped producing and can't exercise the skills that bring power to integrators and shapers. Every person is unique and solutions to the dilemma of displaced authority are unique to each situation. By definition, a powerful solution to the dilemma supports both the individual and the organization's interests. In my experience powerful shapers, those who create followership, hold the interests of all members close to their heart. It is not unusual for shapers of empowered organizations to regret having supported

a few recalcitrant managers for too long to the detriment of the organizations they are responsible for. The ability to balance head and heart, concern for effectiveness and compassion, is certainly indispensable for integrating and if not essential for shaping, no doubt increases one's effectiveness in the role.

I have found that the least represented set of skills amongst managers in traditional organizations are those necessary for effective integrating. Only a small percentage of employees will have the personality, skills and interests to be good integrators and they may be found at any level of the old hierarchy. These people need extra attention, training and support during the transition because it is the role traditional organizations have the least experience with and appreciation of. It is the role organization development knows very well. OD consultants may become increasingly obsolete if empowered organizations become the norm and a whole segment of each organization (integrators) takes on OD's technology as its own.

Why is integrating so rare? Integrating is a lot like schmoozing with a purpose so to the uninitiated it just looks like wasted overhead. And it is very hard to do well. Too much use of coercive power sources, like control of resources or information, inevitably results in a complete loss of true integrating power. Integrators must rely on persuasion and they have to see the big picture to impact the organization positively. Powerful integrators have conventional managerial attributes like being smart, articulate, and hustling. But they require others qualities that are, unfortunately, harder to find. Powerful integrators put the common good ahead of their personal interests or career advancement. They are not tied to

the corporate hierarchy and don't care to "get ahead" just for the sake of it. They have a high level of integrity. They are people who demand to be treated with human dignity and demand that others are treated so as well. They are not intimidated by authority and neither are they hostile toward it. Even as they are excellent group members, they are fiercely independent. In most of the organizations I have been in that are trying to make the transition to empowerment, the few people with the skills to be effective as integrators are near the bottom of the hierarchy. "Loose cannon" is a typical label. They are bright, articulate people who refuse to have their spirit twisted into some corporate mold and will not countenance hypocrisy or injustice.

Individuals placed in integrator roles during a transition to empowered organization often face an uphill battle. Without the conventional sources of coercive or instrumental power, they can be frozen out of the decision-making process. If this happens they do indeed become wasted overhead, but the organization finds that "it" is not working and authoritarian methods are reintroduced. The integrator role is the least well understood by the "command and control" mentality of traditional management. More effort needs to be focused on how to develop and empower integrators instead of all the attention being placed on empowering. The most useful thing we could do for integrators is find some objective means of assessing their impact. I have not seen this yet.

Twenty years of studying the empowerment of bottoms show that people first "resist" because they do not believe that the effort is serious. If it is a serious effort, there will still be a significant minority who will never want

empowerment. These are people who have adapted to an organizational culture that did not value their input and ideas. They learned to give their "pound of flesh" to the company and then go home to hobbies, families, or second businesses that gave them the sense of satisfaction and/or accomplishment they could not get in the organization. Now they prefer not having too much responsibility and worries at work.

The most common mistake in the transition to empowered organization is the tendency of tops to tell middles to empower bottoms without first empowering middles. Each middle needs to find his/her own power in the role of producer, shaper or integrator and stop being treated as a middle. If senior managers continue to send the traditional message that middles who are "on top of their areas" and "in control of their people" will get the most respect and opportunities, middle management "resistance" to empowerment is their only reasonable alternative.

In summary

A fully empowered organization is one in which everyone feels they can influence the organization for its own good. It is just as important to empower executives as it is to empower workers. This occurs when the organization is designed to support and enhance the roles of shapers, producers and integrators. By creating clear areas of accountability between these three roles, and ambiguous job descriptions within each role, people have enough structure while being given lots of freedom to follow their own sense of what needs to be done. The development and implementation of correct measures

ensures that decision-making is based on rational thinking and not arbitrary authority. Tying incentives and rewards to those measures eliminates the need for supervision and creates a powerful motivational engine for continuous improvement. By acting powerfully in their own areas of responsibility, and supporting the powerful acts of others in different roles, employees ensure that everyone is empowered and that the organization can get work done efficiently and effectively.

[1] I have found at least 6 different ways that people can experience an increase in empowerment at work. For a description of this model see Bushe, G.R., Havlovic, S.J. & Coetzer, G. (1996) "Exploring empowerment from the inside-out, Part 2. *Journal for Quality and Participation*, 19:3, 78-84.

[2] These labels were first developed by Barry Oshry to describe the appropriate power of tops, middles and bottoms in hierarchical structures. See Barry Oshry 1995) *Seeing Systems: Unlocking The Mysteries of Organizational Life*. San Francisco, CA: Berrett-Kohler

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