

# 25 Years of Change

**F**or 25 years, Kepner-Tregoe, Inc. has been on the leading edge of management and organization development. The Kepner-Tregoe processes for problem-solving and decision making, and more recently, performance analysis, managerial leadership and strategy formulation, have been used widely throughout the United States and abroad.

Charles H. Kepner and Ben-

jamin B. Tregoe are pioneers in the training field. They were among the first to develop a systematic approach for training trainers and have worked with trainers internationally to enhance their efforts to change organizational systems and climates. Their first book, *The Rational Manager*, has become a management classic. Their latest book, *The New Rational Manager*, was recently released

by Princeton Research Press.

I had the opportunity to probe the thinking of these two leading training professionals, exploring their perceptions of today's training field and what they feel the future holds for training and human resource development efforts.

—Michael Cook, Editor



*A dialogue with two pioneers of our profession—  
Chuck Kepner and Ben Tregoe...*

**Cook:** Kepner-Tregoe is about to celebrate its silver anniversary. What major changes have taken place over the years in your thinking about human resource development?

**Tregoe:** Twenty-five years ago, anyone involved in human resource development was interested in very selected slices of an organization. Now, there is much more concern about developing the *entire* organization. This parallels changes in our own thinking. When we first started, we were much more concerned about development at the managerial level. We then became increasingly concerned about undertaking development efforts down through the organization, down to the worker, at the union level, to anybody in the organization who could produce results for the organization. Another change in our thinking has been a shift from a concern about the development of the individual manager to a concern about the development of the effectiveness of the organization. We have also come to the conclusion that organization development can be more effectively implemented from within the organization itself. The outside consultant's role must be one of basically supporting the in-company implementors of development efforts, rather than making direct interventions.

**Kepner:** We are also much more concerned with the results that are coming out of organization development efforts. In the beginning, nearly everybody believed that organization development was a good thing. Now, we're really looking at results in terms of cost and benefit. Organization development is a practical investment for an organization to make, but there is a need to measure and evaluate the return on that investment.

**Tregoe:** I want to add one more point. During the last several years, we have become increasingly aware of the need for an organization to be clear on

where it is going—its future strategy. More specifically, the organization must understand the impact of its strategy on the human resource development needs of the organization.

**Cook:** What has remained the same in your thinking? Are there any constants?

**Tregoe:** When we started out 25 years ago, we were convinced of the need for a conscious, rational process for organizing information to solve problems and make decisions. That need remains unchanged.

**Kepner:** One thing that has not changed is the need to systematically collect and analyze information, particularly in problem-solving and decision making. The "head bone computer" remains the central portion of what makes an organization go. Everything else is peripheral.

**Cook:** You mentioned the need for rational process. What do you mean?

**Tregoe:** There has been a great deal of talk recently about the function of the right brain and the left brain. Perhaps 90 percent of an individual's activity is centered in the left brain. Recognizing problems, analyzing problems effectively, making decisions and anticipating or preventing problems are the vital tasks of managers and workers. The systematic, logical processing of information for problem-solving and decision making is essentially a left-brain activity. It is what we mean by the term *rational process*. Improving that process is essential to effective human resource development.

**Cook:** Has the need for rational process been growing?

**Kepner:** Rational process is a reasoned, thoughtful, orderly use of whatever information is available. The need is continuous, growing perhaps, certainly not decreasing, simply because all of us have to function with a vast amount of information. There is no substitute for being able to think your way through a body of information. Whether the information is right-brain or left-

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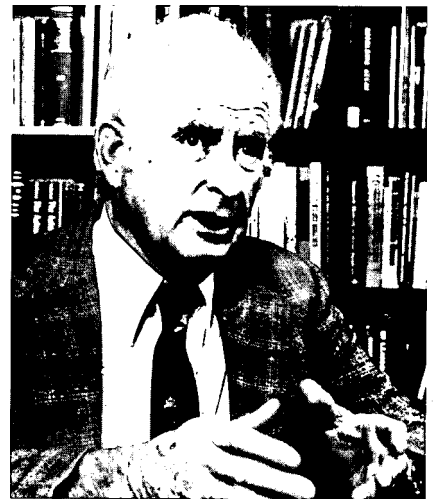
brain in source, it must be used logically in some kind of sequence, or we become overwhelmed.

**Tregoe:** The need is certainly growing, given advances in computer technology. Computing enables us to have a greater degree of information available on a timely basis for our decision making. This places a burden on the individual to use that information effectively. If you don't have any information, it is relatively simple to make a decision. The more information, the more difficult decision making becomes. Clearly, the computer isn't making the decision. It's the ability of the individual to use that information in a reasoned way.

**Kepner:** Almost all of the information that comes to you in making a decision or solving a problem comes to you from *people*. Very little of it comes from any other source. That is where the need emerges to ask the right kinds of questions, logically and systematically. How else can information be organized and effectively used?

**Cook:** I'll play devil's advocate for a moment and suggest that decision making is really a matter of gut feeling and intuition. Can you be rational or objective about decision making?

**Kepner:** I don't know that decision making is basically intuitive. There is information that comes from intuition. You can't verbalize it, perhaps you shouldn't try. For example, you are recruiting for a position in your department and a candidate comes along who fits all the requirements. But, you really don't like the person and you don't feel that you can function well with him or her. That's important information. That information must be put in balance with more objective information, such as years of experience, schooling, salary requirements and the like. To ignore either kind of information is to ask for trouble. I'm not sure there is a growing need for one kind over the other. There certainly is a need to be able to in-



**Kepner:**

**"Judgment comes from experience and feeling as well as from assessment of available data."**

tegrate both the subjective and objective realms. Judgment comes from experience and feeling as well as from assessment of available data.

**Tregoe:** Let's assume decision making is basically a matter of gut feeling. If this is so, we're in deep trouble. Gut feeling is reliable only when experience is relatively constant. But experience is changing so rapidly that we're continually facing situations that are outside our experience. Gut feeling is less and less a reliable source for decision making. As Chuck says, we must be able to integrate the kind of information that comes from gut feeling with other sources of information in order to make a balanced judgment.

**Cook:** You stated earlier that your thinking has evolved from individual to organization development. There are as many definitions of organization



**Tregoe:**

**"We must integrate the kind of information that comes from gut feeling with other sources. . . to make a balanced judgment."**

development as there are practitioners. What's yours?

**Kepner:** Organization development is the development of the capabilities of the people in an organization to work together efficiently to accomplish the goals and objectives of the organization. It is primarily taking the most significant element of an organization—the people—and making them work better than they had before, at whatever level or whatever the task might be.

**Tregoe:** I define OD somewhat the same. First of all, you have to define organization development in terms of the objectives, or what it is the organization is trying to accomplish. Once these objectives are identified, the next question becomes: "What has to be done to bring about the desired organizational objectives?" One of the troubles with the term

organization development is the tendency to define the term by reference to the methods or techniques used, rather than by reference to the objectives the organization wants to accomplish. For example, those who talk about organization development as team building, sensitivity training or a variety of other techniques miss the point of what OD is. The effective OD practitioner asks: "What kinds of results are we trying to accomplish?" And then, "What kind of techniques are best suited to achieve those particular results?"

**Cook:** Reaching back into your 25 years experience, does any one development effort particularly stand out? And, what did you learn from it?

**Tregoe:** I don't know if there is one ideal development effort, but I'll cite an example of how one organization proceeded. The first issue that this particular organization addressed was where it was going and what it wanted to be in the future. After intensive discussion, the top team came to grips with such questions as: What kind of business do we want to be? What should the scope of our products and markets be? What are the implications for the kinds of capabilities we need? How different is our vision of the future from our current organization? What does this suggest? Out of this kind of strategic thinking, the top team developed a comprehensive human resource plan. They asked: What kind of people must we have to accomplish the strategy? What do we have to do in terms of developing people? This top team put considerable effort into thinking through the strategy of the human resource function. What should it be doing? Does it currently support the direction we want to go in? If not, what kinds of changes need to be made? They looked at the organization's structure. Does it facilitate where we want to go? What kind of changes need to be made there? A number of specific action plans were drawn, placing significant

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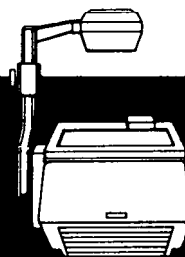
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emphasis on how to get people working together more effectively at all levels of the organization, including the non-management, hourly workers. During the past five years, these plans have been tenaciously implemented.

**Kepner:** One criticism I have heard about organization develop-

ment is that it has often gone about its business rather independently of the *need* for strategic direction. It has been too internally oriented, too focused on how well the organization works together to accomplish what it is currently doing, and not on how to work together to accomplish what the

organization *wants to do*. A well-balanced organization development effort has to be concerned both about the strategy of the organization and how to make the organization operate more effectively.

**Cook:** Productivity improvement is definitely the "bandwagon" of present. How can organization development efforts help organizations become more productive?

**Tregoe:** In many companies, top management reacts to crises by asking: What are we doing about productivity in the plant? According to Japanese studies, only 20 percent of an organization's productivity concern is related to the workers. Eighty percent relates to the productivity of managers. Yet, the quality of the decisions of top managers, their commitment to and active involvement in productivity improvement efforts at every level of the organization are too often treated as being beside the point.

**Kepner:** The minute someone says productivity improvement is something "those people have to do," you know the effort is doomed to failure! I spoke with people at the American Productivity Center in Houston. A senior executive from a large American company visited the Center, wanting information about "those round Japanese things." He didn't know the proper name for quality circles. If this represented this senior executive's understanding of organization development, it would be pointless to continue the discussion. Any attempt to develop one level of an organization—and this usually occurs at lower levels—without the rest of the organization making a similar effort to improve, is bound to fail.

**Cook:** With all the changes taking place in the work environment, what new skills will trainers need?

**Tregoe:** There is a tremendous need for trainers to have a thorough understanding of all the key elements of the business, such as marketing, sales, production and finance. They must have

a thorough understanding of the key requirements for the success of their organization. They certainly must have a better understanding of how the organization sets its strategy and makes its long-range plans. I don't know a single organization that, as a result of setting strategy, has not had an increased awareness of the importance of human resource development. Senior managers look to the human resource people for help in moving the organization forward to meet the strategy. Old stereotypes about training are dying, but this change also carries a burden. Trainers must acquire a much broader and deeper knowledge of their organization. In addition, a solid understanding of the whole area of management information systems and the computing techniques that lie behind them is

**"Human resource people will have to sharpen their ability to bridge gaps in different parts of the organization, at different levels."**

essential, because much of what trainers do will be facilitated by these systems and techniques.

**Kepler:** One skill that human resource people will have to sharpen is their ability to bridge gaps in different parts of the organization, at different levels. They must bring together people from different units within the organization. Increasingly, effective problem-solving is becoming an activity that cuts across organizational boundaries. So a human resource person becomes

a facilitator, an internal consultant, a counsel, a great many things that 20 years ago he or she was not. One other point: human resource development people must begin to perceive their job as a stepping stone to top management responsibility. The skills acquired in human resource development are the best preparation for moving into senior management responsibility. Training should not be viewed as a life-long occupation.

**Cook:** Perhaps in the future,

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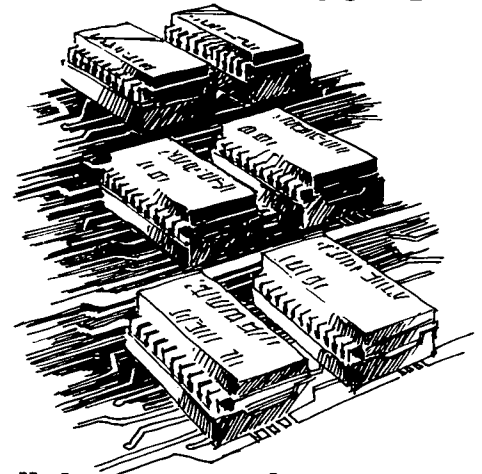
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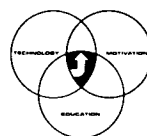
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then, the road to the top will pass through human resource development.

**Tregoe:** I don't think there's any question about it! Although at the moment, this is not necessarily the case in the United States.

**Kepner:** Outside of the United States, that will vary by country and culture. The Japanese, for example, believe that an employee in his or her first 10 years in an organization receives about 500 days of training. Figured on a 250-day basis, that means each year an employee gets 50 days or one full day per week of training. Training, to them, is the development of a person so that he or she will make a life-long contribution to the organization. That's an extremely deep commitment to training.

**Tregoe:** In Japan, there is a

much greater emphasis than in the United States on moving people across functions within the organization. It is unlikely that someone in the top management position had not experienced some aspect of the personnel or the human resource function of the business. In Spain, for instance, it would be very unusual for someone to be the president of the business without having spent time in the personnel function. And typically, the most likely person to be moved into the presidency would be the person responsible for personnel.

**Cook:** Results—everyone talks

about them, presumably everyone is measured against them. But in a training function, how important are they? What have you learned about getting and measuring results?

**Tregoe:** Whether you talk about individual management development or organization development, unless what you are trying to accomplish is identified up front, it is almost impossible to effectively assess results. You have to know what you are trying to accomplish. Then there is a real opportunity to measure results. Once you clearly identify what you want to

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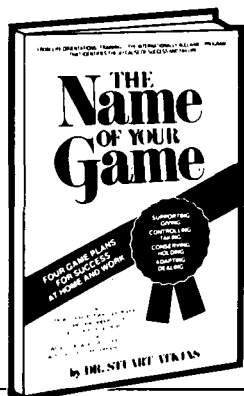
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accomplish, you can say, "Who should be involved in the activity we're about to embark on? How should the activity be structured so that we can best achieve those kinds of results? And what are we going to look at over a period of time to make sure we've achieved those results?"

**Kepner:** I agree. If you don't

know where you're going, you have no way of knowing how well you are getting along on your journey. Once you clearly identify and define the training objectives, you can devise means of measuring how well they are met, whether they are tangible measures such as dollars saved, or intangible ones such as

satisfaction. But measurement, given adequate thinking and planning for a project, is not difficult.

Human resource development is evaluated in a cost-benefit way. And that's good. It should be an investment that is made just like any capital investment. It should be viewed as an important activity that pays for the time and effort that goes into it.

**Tregoe:** If the human resource development function tries to devise ways to measure results on its own, it most likely will be doomed to failure. Just as we've talked about the active involvement of line management in terms of an organization development project, the same point applies in terms of measuring results. You've got to have the active involvement of the key line managers, in terms of thinking through the desired results and thinking through how these will be measured. Otherwise, you don't have a commitment to the effort.

**Cook:** What would you identify as the greatest opportunity confronting the training function?

**Kepner:** I think the greatest opportunity is to devise ways to increase participation in recognizing and solving problems, in making decisions and in avoiding problems within organizations. The accent is on *participation*, on designing ways by which people can work together, so that all necessary information for problem-solving and decision making can be brought together.

**Tregoe:** The biggest opportunity for the human resource development function is the growing recognition of the importance of this function by top management, especially its relationship to getting the organization to where it wants to go. Human resource development people must capitalize on this recognition. There is no better way to do this than by participating with top management in thinking through some of the complex human resource issues that tie into the organization's future strategy.