

Organizational Consultation XVI

The Chartering Process: Part One

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There is an organization process that fully engages the three components of choosing, prizing and acting. It is called *chartering*. *Chartering seeks to heighten our awareness of intentions that we often have not recognized in ourselves or in our organization.* This awareness is an important prerequisite for creating an appreciative organization and for effective decision-making about new directions for the organization. Chartering is an appreciative process that enables an organization to lean into its future. Like other forms of appreciation, however, chartering doesn't just concern the processes of change and future prospects. It also concerns continuity and an honoring of the past. Chartering heightens our awareness of the underlying patterns that constitute the deeply embedded heritage of an organization.

Chartering doesn't just look to the past and to the future, it also focuses on the present-day reality of the organization. It is a process that enables an organization to move beyond clarification of intentions to a clear and enabling formulation of the organization's mission, vision, values and purposes. From the chartering process, one moves to the formulation of goals and objectives that are directly aligned with the organization's intentions.

Specifically, an organizational charter is a formal statement of organizational intentions. This statement should be formulated in a manner that fulfills the seven criteria listed above. Furthermore, the statement of organizational intentions should encompass the four components we have already mentioned:

- **Mission:** What is the business of this organization? The mission should be readily identified in the everyday and ongoing operations of the organization.
- **Vision:** Where and how do we want this organization to change? How and when do we want this organization to be different from what it now is? What would we like it to be like one year in the future? What about two years or three years in the future? The vision should animate an organization, giving it breath and life. It should relate to the personal aspirations of each person in the organization.

- **Values:** What guides us in our work within this organization? How do we choose to relate to one another and to our external customers? The values of an organization should be of highest priority. A core value should never be sacrificed for the sake of an attractive vision.
- **Purposes:** How are we contributing to the welfare of our community and society? If this organization were to go out of existence tomorrow, what difference would its demise make in the world where we live and work? The social purposes of an organization should define the context within which it operates and defines its ultimate reason for being.

Most contemporary leaders would agree that organizational charters are a good idea. There is considerable skepticism, however, when it comes to the design and implementation of a chartering process that truly engages the interests and commitments of all members of an organization. How does a chartering process work and what are the appropriate roles to be played by the various stakeholders in the organization regarding the formulation of the charter? We have chosen to answer these practical questions and other related questions by offering an example of organizational chartering and the role played by an organizational consultant in helping to make this chartering process a reality.

Case Study: The New England Standard Corporation

Gary is the president of New England Standard Corporation. One of us met Gary several years ago. He indicated that he wanted to move his insurance company toward greater “alignment.” He felt that the 180 employees in his company were moving in different directions. They didn’t have a clear sense of New England Standard’s priorities and often seemed to respond to crises and immediate demands, without any regard for longer-term outcomes. This seeming fragmentation was quite understandable, given that New England Standard had recently gone through a major growth spurt, the revenues of the company doubling within the past 18 months and the total number of employees growing from 75 to 180 within a 12 month period of time.

Gary initially called a colleague who owns a consulting firm in Minnesota. Gary’s colleague is an expert in the assessment of organizational culture, having devised a comprehensive organizational culture inventory. Gary asked his colleague to conduct an assessment of the culture at New England Standard. The organizational culture inventory was distributed to the sixty New England Standard employees who had been at the company more than three and one half years. This assessment revealed several areas in which employees at New England Standard were in agreement with regard to the underlying values in this organization.

The agreed upon values included: (1) an abiding concern for fairness in the treatment of employees; (2) a commitment to diversity in the workforce (especially with regard to women in key decision-making roles); (3) a shared enthusiasm about growth and financial prosperity for both the corporation and individual employees. The assessment also revealed several critical areas where there was very little agreement among the long-term employees. There was great divergence in responses to items that concerned: (1) the centrality of leadership in the organization (is it a good thing to have strong, central leadership?); (2) the contributions being made by New England Standard to the welfare of the community it served; (3) the amount of work that is expected of New England Standard employees if the organization is to excel as a provider of innovative financial services.

Gary found this information to be of interest—but didn't quite know what to do with it. How might he align the various operations of his company around a core set of commitments? His colleague didn't have much to offer in this regard, having devoted most of time to developing the culture inventory. Gary realized that he had to turn elsewhere for assistance and decided to contract with one of us as an appreciative consultant who specializes in moving organizations toward clarity regarding intentions and toward specific action steps based on these clear intentions.

A consulting team, consisting of 3 members was formed. We proposed a six step chartering process to Gary. The first step would involve review of the organizational culture inventory data with all of the employees of New England Standard. This would serve as a springboard for the chartering process. Specifically, we would meet with all employees, sharing the cultural inventory results, and facilitating small group and large group discussions. A statement regarding the enduring values of New England Standard would emerge from this daylong meeting with the entire staff.

A second step would link this chartering process with New England Standard's ongoing strategic planning initiative. We suggested that the vision component of the charter should come from the strategic planning of the company. There is no need to re-invent the wheel or to initiate competing or overlapping ventures. Chartering as an appreciative strategy should always build on existing documents and processes of an institution. Chartering is counter-productive when it is initiated as an independent process and if past work or other work going on at the same time is ignored. When past work and concurrent work is discounted, then the products of the chartering process will themselves be discounted. The chartering process will produce

documents that are placed on a shelf somewhere or used in a very restricted manner by those members of the administrative team that happened to champion this specific planning process.

The third step would involve review of the company's mission statement and other documents that have articulated the fundamental assumptions of the organization about "the business it is in." We proposed that members of the consulting team not only review historical documents, but also interview Gary and the other three founding employees, all of whom still worked at New England Standard. Members of the team would then draft a new mission statement that would subsequently be reviewed by Gary and other key executives at New England Standard. The revised mission statement would then be formally reviewed, modified and adopted by the New England Standard Board of Directors.

We proposed a fourth step that focuses on the purposes of the New England Standard Corporation. We suggested that the company not look exclusively at the historical documents and history of the company when identifying its purposes, as was done in formulating its mission statement. Rather, all of the New England Standard employees should be once again brought together to reflect on the reasons why they chose to work at New England Standard. We also wanted the employees to identify what gives them the greatest amount of satisfaction in their daily activities at New England Standard. We proposed that the mission of New England Standard should be owned by Gary and the New England Standard Board, but the purposes of the organization should be owned by the employees of New England Standard.

Employees rarely seem to get excited about the profits being generated in their organization. They may be relieved that the organization is financially secure, given that they are more likely to be able to retain their job if the company is fiscally healthy. There is little joy, however, in witnessing large profits going out to the stockholders or upper management through profit-sharing plans. Employees are inclined, instead, to take great pride in the services being provided by their company to their community. They can speak with enthusiasm about the benefits that their company provides to people who need homes or high-quality washing machines or nutritious meals or low cost computers.

We proposed a series of employee meetings, each meeting involving no more than eight to ten employees. These meetings should be more intimate than those conducted regarding the values of New England Standard. The reflections of employees are often very personal, especially when they are

asked to identify the reasons they work at a company. Many employees are unwilling to talk in large groups about the satisfaction they find in producing something of value for their community. We suggested that the consulting team formulate a statement of purpose for New England Standard, based on results from these employee meetings. This statement would then be presented to Gary and modified and approved by the New England Standard Board.

The fifth step consists of the formulation of an integrated charter. The charter would consist of the mission, vision, values and purpose statements that our team had produced in conjunction with Gary, the New England Standard employees, and the New England Standard board. This charter would, in turn, be distributed to all employees, who would be asked to review the document. A series of employee luncheon meeting would be scheduled where Gary (or one of us as consultants) could answer questions regarding the chartering process. Employees would be informed that all members of the New England Standard Corporation are expected to sign this charter and commit themselves to work on behalf of the mission, vision and purposes, and in a manner that is consistent with the company's values.

The final step would involve a charter dinner that all employees would attend. At the conclusion of this dinner, Gary would be the first to sign the charter. Other employees would then be invited to sign the charter and the evening would conclude with a celebration of shared commitment to the mission, vision, values and purposes of New England Standard. In the future, all new employees would be given a copy of the charter at the point they joined the organization. They would be assigned a mentor from a different department in New England Standard who would work with the new employee over the following three-month probationary period. The mentor would help the new employee clearly understand the history, meaning and implications of the company's mission, vision, values and purpose statements. The new employee would be asked to sign the charter at the end of their probation period. In this way the spirit of chartering would be sustained.

Gary and other members of the senior administrative team at New England Standard enthusiastically supported our proposal, though they were all concerned about the impact that this chartering process

would have on the actual operations of New England Standard. Would this be just another interesting exercise that Gary had prepared—or would this really make a difference? Everyone on the senior administrative team was willing to give it a try. My team immediately began to put the plan in operation.

Step One: Reviewing Culture Data and Formulating Values Statement

Members of our team began the consulting process by reviewing results from the organizational culture inventory that had been administered at the company. Even though this was not our inventory, members of our team understood the concepts underlying the instrument and we personally talked briefly with Gary's colleague who had developed and validated the instrument to ensure that my team's interpretation of the data was congruent with his own analysis.

We met with all the employees to review the data from the organization culture inventory. While fewer than half of the employees had been given the inventory, there was immediate and widespread agreement that the results accurately reflected the perspectives of all the New England Standard employees. The areas of agreement were indeed found in the organization, as were the areas of disagreement. A series of small group discussions were interspersed with plenary sessions involving all employees. I asked several questions regarding the prevalent values in the New England Standard Corporation. "What do the inventory results tell you about the values that have are now a prevalent part of this company?" We also asked the long-term employees about the enduring values of the New England Standard Corporation. "In what ways would the inventory results have been the same five years ago? In what ways are results from the inventory compatible with the founding values and principles of the company?"

We were able to extract a clear statement of values from these discussions. We first identified a set of values that seemed fundamental to the organization. These values have apparently endured for many years—since the founding of the organization. We called these *fundamental values* the "New England Standard Way:"

The New England Standard Way

An organized, participative way of working together that enables New England Standard employees to maximize their contribution to the shared goals and objectives of the New England Standard Corporation. The New England Standard Way involves a blending of individual fulfillment and profitable growth for the New England Standard Corporation.

It also involves the interweaving of mutual appreciation, recognition and trust with an ongoing concern for efficiency, accountability and empowerment. Employees of The New England Standard Corporation respect cultural and ethnic diversity and uphold the dignity of other New England Standard employees. In The New England Standard Corporation there is continuing emphasis on both customer service and product improvement.

We go on to note that the New England Standard Way is represented in the following fundamental values:

- **Trust and Respect:** New England Standard begins with the assumption that each person who enters the organization as an employee will conduct himself or herself with honesty and respect for the integrity of truth and personal commitments. It is assumed that mature men and women work on their own without intrusive monitoring or interference and that they choose willingly to work in a respectful and open manner with other members of the New England Standard Corporation.
- **Integrity and Freedom of Inquiry and Disagreement:** The New England Standard Corporation provides an atmosphere of open inquiry and value freedom of expression. Questioning and investigation are intrinsic at New England Standard, not only in conducting business, but also in encouraging thoughtful and critical inquiry among the professional clients being served by New England Standard. In all its operations and for all its clients, New England Standard protects the rights of inquiry and expression; neither funding considerations nor the strongly held perspectives of those in authority should be permitted to infringe these rights.
- **Excellence and Creativity:** The New England Standard Corporation promotes curiosity and the continuing pursuit of excellence. Employees are encouraged to question their own practices and to investigate and assess other operational modes—all on behalf of improved service to clients. Continuing improvement, in turn, requires an organizational atmosphere that provides safety for creativity and innovation.

Members of our team then moved on to what we identified as the **operational values** of the company. We suggested that the values of the New England Standard Corporation are manifest at an immediate and tangible level in six domains. In identifying these six domains, our team made use of several sources. First, we used information that we gleaned from our meeting with the employees. We also made use of statements contained in the current strategic plan of New England Standard, as well as several brochures that have been distributed over the past two years to New England Standard employees.

Once again, we sought to appreciate and honor the work already done in the organization, rather than re-inventing the wheel. If we honor the work done by others in the organization, then our own work, and the chartering process in general, is more likely to be honored. The six operational values were:

- **Reputation:** The positive reputation of New England Standard is paramount. All of an employee's activity uphold and enhance New England Standard's reputation and brand name recognition.
- **Financial Responsibility:** Appropriately priced services, accurate forecasting, cash-flow management, prudent underwriting and tracking systems are pivotal to managing and maintaining a sound financial base.
- **Company Standards:** All employees must fully and positively support standards developed by the Company and must be held accountable for adherence to these standards.
- **Communication:** Clear, accurate and timely verbal and written communications delivered appropriately among employees and clients are a key component to success.
- **Performance:** Sales volume, funding ratios, expense management and portfolio performance are core measurements of financial success.
- **Customer Service:** At New England Standard we strive to develop and maintain permanent relationships with our customers.

Finally, members of our team identified a set of **strategic values**. We noted that organizational values are often embedded in its strategic plans. In this instance, the following set of values were found to be closely affiliated with the strategic plans and with promotional materials that had recently been prepared by the New England Standard Corporation:

- **Training:** Minimum standards of industry and technical competency will be developed, implemented and maintained to ensure high levels of performance. "Knowing the

technology and markets helps New England Standard better serve its customers.” [From: New England Standard Brochure 2010]

- **Information Technology:** Information technology proactively supports and facilitates business practices and client service. Integrated platforms and integrated data will minimize islands of information and duplication of data and effort.
- **Change Environment:** Appropriate policies and procedures will be instituted to ensure smooth and effective change management.

We brought these lists of value statements to Gary, the Senior Administrative Team, and, eventually, the New England Standard Board. These lists elicited substantial discussion and a fair amount of soul-searching. In each case, the three sets of value statements were adopted with minimal change. The fundamental (New England Standard Way), operational and strategic statements of value were now in place.

Step Two: Linking Chartering and Strategic Planning Processes and Formulating Vision Statement

Our team found that it was challenging to build a bridge between the chartering and strategic planning processes at New England Standard. Partially as a result of the struggle regarding centralization of leadership, which was identified in the organizational culture inventory, the strategic planning process was in some flux. Our team was only able to identify a few statements regarding that which New England Standard leaders wished to achieve in the near future. We did find common agreement regarding the following **general vision**: “If successful, the New England Standard Corporation will become the largest independent insurance company on the East Coast that is competing in the middle financial market.”

Our team was next able to derive a set of **short-term objectives** from the strategic plan. We noted that The New England Standard Corporation hoped to accomplish seven outcomes within the coming twelve months:

- In order for New England Standard to expand, proper structures and controls need to be established. Create a management structure with people who will be responsible for the day-to-day operations of the corporation and who will be capable of managing the projected growth of the corporation.

- Increase borrowing capacity.
- Hire bright, energetic professionals with prior experience to manage the day-to-day operations of The New England Standard Corporation.
- Improved efficiency in processing of claims in order to reduce overall administrative expenses.
- Substantially improve marketing of both old and new products to protect market share.
- Better understanding the distinctive needs and styles of our new clients. Be aware of a possible need for new products to better serve these clients or a need to modify existing products.
- Decide whether New England Standard should add other new products to its current market, or if it should add new markets.

We next turned to the *long-term goals* of the company, noting that the strategic plan calls for the following outcomes within three years:

- Target new industry markets that are growing and are capital intensive where New England Standard can obtain an industry expertise/knowledge and provide “value” to customers operating within the targeted industry.
- Create an improved digital database network for the company
- Form appropriate strategic alliances and partnerships with other financial institutions in order to expand markets and create new product lines at minimal cost and risk.

Given that these components of the New England Standard Vision Statement were derived primarily from the company’s strategic plan, members of my team didn’t need to seek approval for the statement. We only needed to check with Gary and the strategic planning task force to ensure that our rearrangement and paraphrasing of the vision statement, short-term objectives and long-term goals were accurate and congruent with the underlying intentions of those who drafted the plan. We found that we needed to make only minor changes.

The Strategic Planning Task Force was also able to make constructive use of our modifications, as they moved themselves toward greater clarity regarding organizational vision. We specifically recommended that the task force switch its planning process by beginning with the long-term goals and then moving to the short-term objectives. We noted that the long-term goals were rather sparse and that these goals should drive the short-term objectives rather than the other way around. The task force members took our observations and

recommendations to heart. They began working in this more strategic manner on the vision statement of New England Standard Corporation.

The New England Standard case study regarding the chartering process will continue in the next essay in this series.