

Organisational change: a methodology to uncover the business idea

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Abstract

A study was undertaken to identify the "Business Idea", as defined by van der Heijden (1996), in The Family Planning Association of WA Inc (FPWA) which is a Non-Government Organisation (NGO) in Perth, Western Australia. This organisation was chosen as, along with many other NGOs, it was undergoing major changes in its funding, role and required outcomes.

*A qualitative interpretivist single case study methodology employing grounded theory research principles and methods was used to study the Business Idea framework in this setting. Thirty-four members of FPWA's staff were interviewed and data was managed using NUD*IST4 and Decision Explorer data storage, data retrieval and graphical reproduction facilities.*

Results indicated that images of the Business Idea model within FPWA were largely consistent across all staff levels excepting members of the Board of Management. Changes within the organisation were impacting heavily on staff, who needed to be assisted over the transitional phase. Strong leadership and corporate direction were identified as essential if the FPWA was to balance the strongly held sense of social justice amongst its staff with a need for greater productivity, efficiency and accountability across the organisation.

Introduction

In today's fast changing world, the task for corporate planners is to find a way forward that reconciles the unremitting change confronting their organisation with the competing interests of its various stakeholders. This paper relates a methodology to help a planning team uncover the key issues and questions facing an organisation, key questions that can be used as a key to self-understanding and a precursor to a scenario planning process. The paper also outlines the benefits of using a single case study approach when sensitive concepts within a study population need to be unearthed.

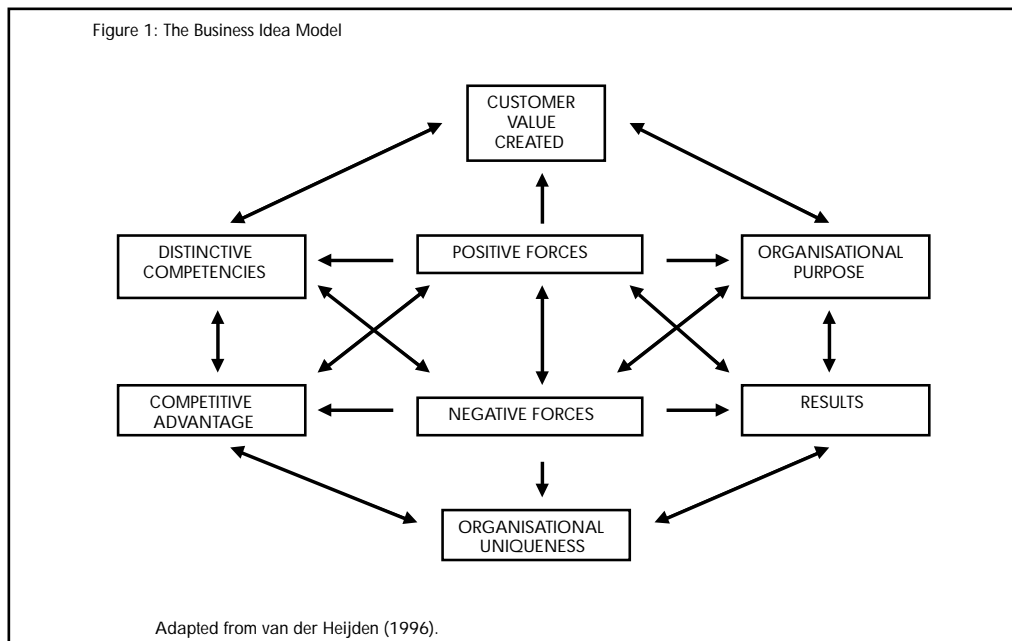
The setting is a well-respected professional health care agency with over twenty-five years of service in the sexual health industry. The agency is beginning its annual corporate planning process. Historically, the agency has been commercially secure, and able to rely on Federal Government funding for over eighty percent of its revenue. Suddenly it is confronted with the shock and resulting uncertainty of regular six-monthly funding reviews. The agency has no guarantee of its immediate or long-term corporate future. Organisational survival becomes the concern. For senior managers, the immediate question is not where the agency's longer-term future might lie, but whether the agency will exist at all and in what form. In 1998 this was the reality confronting the Family Planning Association of Western Australia (Inc) (FPWA).

In the non-government arena, the scenario confronting FPWA was not uncommon. Government funding has been cut in numerous Western economies for many long-standing Non Government Organisations (NGOs). Originally incorporated with "high-minded" ideals of altruism, humanity, social justice and caring, NGOs such

as FPWA have had to confront operating within a more “hard-headed” commercial world (Starks, 1991). Many were ill prepared, lacking the leadership and management skills to undertake the organisational transition required speedily and without significant ideological pain. At the heart of the change agenda is the organisational essence, the social justice ethos enshrined in an agency’s structures, systems and processes which, together with its commercial rationale, encapsulates its Business Idea (van der Heijden 1996).

The Business Idea

The Business Idea is an “organisation’s mental model of the forces behind its current and future success” (van der Heijden 1996, p 59). Van der Heijden’s theoretical Business Idea model encapsulates the business rationale for any commercial setting. The model, adapted and reproduced in Figure 1, has eight levels. The interrelated supercategories defined below formed the basis of the data captured in this study:



- *Organisational purpose*: the role the organisation fulfils within the wider economic, social and political world, embodied in what Sinha (1996) described as its “reason for being” incorporating organisational meaning and corporate identity.
- *Societal or customer value created*: perceptions of client or customer product and service needs, exemplified in what van der Heijden (1998, p. 337) described as the “commercial opportunity offered and exploited by the organisation.”
- *Distinctive competencies applied*: covering what van der Heijden (1998, p. 338) described as “the people, physical, and other resources, administrative structures, systems, processes and overall expertise applied in meeting customer need satisfaction.”
- *Competitive advantage exploited*: how the organisation has “differentiated its product or service offering, specifically addressing issues of cost and/or quality of service relative to other providers of similar services within the industry” (van der Heijden, 1998, p. 338).
- *Organisational uniqueness created*: this category describes what van der Heijden (1996, p. 65) identified as the “systemic uniqueness of the organisation”.

- *Positive driving and negative inhibiting forces*: the external and internal social, technical, economic, ecological and political forces that impact the business.
- *Results*: the valued outcomes from the combined effort of organisational members.

These supercategories form an interdependent iterative system capable of modelling an organisation's social history and commercial heritage. Viewed from another perspective every Business Idea encapsulates the answers and trade-offs embedded in the following questions:

- What is the purpose of the organisation?
- Who is the client?
- What are their wants and needs?
- What does the organisation have to do well to satisfy client expectations?
- What makes the organisation unique compared to similar providers?
- What are the key competencies and skills commanded by the organisation?
- How are these competencies sustained and renewed?
- What issues propel and hold the organisation back?
- What measures define how well the organisation has performed its service?

For many managers operating within the government and non-government sectors the task of answering the above questions is personally and organisationally confronting. The questions go to the very heart and soul of the organisation, challenging people's perceptions of the organisation's "sense-of-place".

Research Objectives

The researchers argue that having a deep awareness of an organisation's history and commercial heritage is the first step in building responsiveness to changing market forces. Capturing the multiple perspectives of that commercial history and heritage for one not-for-profit agency, including its stage of corporate growth, its behavioural archetype, and the key question impacting its immediate and long-term future, were the objectives of this study. Combined, these performance indicators inform and raise the level of planning competence within a scenario planning team, indeed any planning team. The preparation stage, it is argued, is the first of three stages in the scenario planning journey related in Table 1. The value of a preparation stage of the scenario thinking and planning process has been largely ignored in the literature to date.

Table 1: Three Stages of the Scenario Planning Process

Readiness	Application	Workable Scenarios
Preparation Business Idea In Use	Scenario Thinking & Planning Activities	Dissemination & Modification of Scenarios
Organisational history	Exploring Uncertainties	Testing for fit
Strategic heritage & hegemony	Scenario production	Gap analysis
Multiple perspectives	Alternate business ideas in a changing world	Change processes

Contextual Issues Confronting NGOs

From a macro perspective, Starks (1991) has related the contextual and transactional implications confronting public service managers. Whilst Starks' work is ten years old, the key issues of NGO reputation, integrity, honesty and the corporate implications of a reliance on government funding still take centre stage in contemporary NGOs. This is evidenced by recent publications targeting their leadership and management (Macken, 2000).

In relating the increasing shift from "high-minded" to "hard-headed" approaches to managing NGOs, Starks (1991) highlighted the tarnished idealism of public service work, a result of widespread public sector conflict and alleged performance inefficiencies that emerged in the 1970s and 1980s. At the centre of these issues was the emerging face of the modern mixed economy, specifically "what should be a public service and what should not" (Starks, 1991:21). The size and allocation of the social welfare dollar (ie, the re-allocation of taxes in the context of the wider political agenda) was, and still is, at the heart of this issue.

The result of this debate - reduced and irregular government and philanthropic funding - has had serious implications for NGO service provision, forcing many agencies to re-think and re-shape their Business Idea model. In their informative years, agencies such as FPWA were able to focus largely on altruistic aims, but the growing uncertainty over funding has necessitated a shift towards corporate strategic initiatives and objectives. Central to the future success of an agency such as FPWA is the agency's key resource - its professional expertise.

Government funders are driving the change agenda, stressing that agencies such as FPWA should shift from a philosophical foundation based on client ability-to-pay to embracing user-pays. Starks (1991) argues the latter involves a heightened service perspective, implying the need for NGOs to address issues of value-for-money, service effectiveness and efficiency. These are confronting issues for the government and non-government sectors. For public managers this has necessitated greater awareness of "knowing their costs", with a "priority on budgeting". NGOs have needed to become marketing orientated in the quest to open up new sources of funding and questions of pay and performance have become an important internal priority.

Accountability to all stakeholders has become a clear corporate objective. Professionals and support staff perceive the need to view their roles increasingly as a job and less from an idealistic perspective. Certainty of tenure no longer exists. Government programs frequently have short horizons with professional staff contracted only for the life of the program.

The Family Planning Association of Western Australia (Inc).

FPWA is an autonomous, internationally affiliated, non-government, not-for-profit agency based in Perth, WA. Funded by the Federal and State governments, it was established in the early 1970s to give women easy access to inexpensive contraception and related clinical services. There was a strong 'women helping other women' focus to the services offered. Men's health and the unique needs of disadvantaged groups played virtually no part in the first twenty years of the agency's life.

At the time of the study, the agency had a work force of eighty-nine, a blend of full-time, part-time and casual health professionals. The agency marketed itself as 'specialists in sexual health', extolling itself as the leading provider in the industry in Western Australia. Staff employed in service delivery had long exhibited a strong volunteer and social justice work ethic. Many staff sought out the agency as a place to work, believing they were putting something back into the community, specifically in terms of women's sexual health and reproductive issues. Staff have been described as being emotively driven, believing in the agency's cause.

Products and Services

The agency's public documents espoused the philosophical belief that all people have the right of free access to information and personal choice regarding their sexuality and issues of equality. FPWA has a long history of responding to community needs in the arena of sexual and reproductive health. Over the years, the agency has followed a 'pro-choice' stance in terms of a person's overall sexual health preferences.

The agency is organised along professional lines, providing a stepped program of services with increasing specialisation and focus on the individual. Programs initially target the broad community, closing with a range of service programs tailored to the specific needs of identified disadvantaged groups. The products and services are listed below progressing from the general to the specific:

- *Health promotion and public affairs:* state-wide community-based health promotion programs beginning with billboard and radio promotion as examples
- *Library and information services:* an extensive range of specialised sexual and reproductive health information
- *Telephone help-line:* confidential sexual health advice from professionally trained health professionals
- *Clinical services:* professionally trained health clinicians providing confidential medical services to the general community
- *Education and training:* in sexuality and reproductive health issues to a wide cross section of the community
- *Counselling:* personal & couples counselling in sensitive areas of sexual health, reproduction and performance
- *Tailored sexual health and reproductive support programs:* to a range of disadvantaged community groups.

Significant institutional knowledge, a core feature of van der Heijden's theme of systemic organisational uniqueness, is embedded in the health care structure now in place. The agency's comprehensive suite of interrelated services has created uniqueness that has ensured it has remained relevant within the wider sexual and reproductive health and wellness industry.

However, now the agency is at the crossroads of the next stage of organisational change and development. The uncertainty over funding has added to the urgency of its corporate situation. Assumptions about the agency, including its view of itself as a strong crusader for women's sexual and reproductive health rights, its corporate identity, meaning and purpose, and its historically strong clinical service culture orientated to women's sexual health needs, are under review.

Key Issues

A number of key driving forces are acting to redefine the agency's identity, as follows.

Social

Easier access for women to contraceptive and reproductive services has brought into question the agency's long standing key strategic assumptions. Sexuality issues in the 1990s have broadened to include the 'hard' clinical issues of screening for sexually transmitted diseases, as well as other sensitive community screening programs for women such as breast and cervical cancer. At the same time, men's health has become an increasingly important community focus.

The definition of health has been widened to include the 'soft' issue of mental wellbeing, with increasing interest in people being better informed. Clients are encouraged to discuss sexual issues, the aim being to increase sexual health awareness and, hopefully, to eliminate taboos associated with the concept of, and the word, "sex".

The agency is currently challenged to identify where its future lies, bearing in mind the agency's mandate and charter commanding senior management and staff to raise the overall level of sexual health of all members of the West Australian community.

Technical

Medical science is continually improving screening techniques for sexually related health programs, examples being breast and cervical screening. However, alongside the 'hard' aspects of screening for detectable maladies is the need for the 'softer' aspects of technical and professional competency to deal with sexual health issues.

There has been an increase in mature-age women clients, resulting in the need for training in menopausal aspects of women's sexual and reproductive health. Also, recently there has been a surge of interest in men's health-related testing and sexual health issues, influenced by increasing acceptance of homosexuality and the incidence of sexually transmitted diseases.

Economic

Economic rationalism has made inroads into all Federal and State funded social welfare programs. The agency has experienced funding cuts in the past. Funding is now pegged and subject to six monthly reviews awaiting a decision whether funding will remain with the Federal Government or come under State Government control.

The long period of uncertainty over funding has influenced the agency to consider fee-for-service and related productivity initiatives. At the time of writing, all service areas charged a scale of fees related to the client's capacity to pay in an effort to balance free-access-to-care philosophy with the scarce financial resources and economic rationalism. This is a major issue for the agency, one that challenges the agency's social justice ethos. The Federal Government, the agency's current primary funder, is pushing for greater efficiency and effectiveness in terms of client numbers, with the aim of getting the best economic return from the social welfare dollar. Client turnover and staff hours have become key administrative operational performance benchmarks.

Environmental

Driven by changing population trends, plans are in place to extend the agency's clinical services beyond the central business district. Two outlying clinics have proven successful to date. These initiatives have targeted key groups: teenage to younger adults and immigrant groups. The agency is struggling with how to further extend its services away from its central business district location. Funding is a key issue, as are the necessary structures and processes in these new and unfamiliar markets. Decentralisation and the needs of regional and rural people are a recent new politically driven focus championed by Government.

Political

There is an ongoing debate over what level of government should control spending in the highly sensitive area of sexual health. Government is also redefining the role and minimal expectations of funded service providers in this and other social welfare arenas. Sexual health remains a sensitive community issue, with politicians a target for interest and lobby groups keen to push their sexual health interest.

These and the other issues listed earlier are directing the agency to revisit the true nature of its role and its work. Is the agency an information disseminator and training facility, an independent commercial sexual health provider, or both? Shifting community values and priorities in terms of sexual health and well being, combined with a push by government for economic rationalism, efficiency and effectiveness have created pressure for FPWA to change. Imbued with a strong normative culture, the agency is struggling with issues of its collective identity and purpose. The agency has been endeavouring to remain true to the spirit of its charter as it has moved to redefine its corporate purpose and expand into new areas of work.

Research Methodology

Introductory discussions and a desk audit pointed to an agency and a Business Idea under challenge. In light of the apparent strength and multiple perspectives of the Business Idea in use, it was felt that the agency would provide an excellent host site for the research. The in-depth study of the Business Idea would reveal important insights into the culture of the organisation and develop the self-understanding necessary for a successful scenario-planning project.

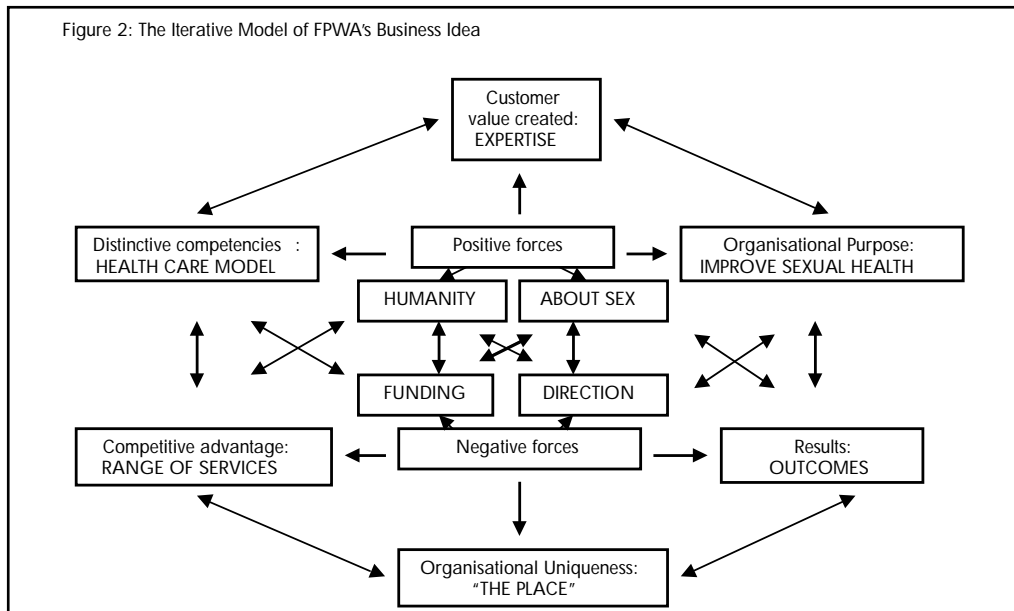
The study employed a qualitative interpretivist single case study methodology using grounded research techniques. The single case study approach can be used to investigate important social phenomena. In this case, the social phenomenon was a particular activity within an organisational development framework - ie, the concept of the "Business Idea." This was a sensitising concept that when studied in depth would allow important cultural insights to emerge. The cultural insights that emerged from this single study may also have a wider application for other cases with similar characteristics.

A stratified sample of thirty-four members from FPWA's institutional (Board of Management), corporate, organisational (service managers and coordinators) and technical (service delivery) levels were interviewed. The intent was to capture broad perceptions from each organisational level of the supercategories of the Business

Idea framework detailed in Figure 1. A semi-structured interview sought elaboration on each of the predefined supercategories. Data was managed using NUD*IST4 data storage and retrieval facilities (Qualitative Solutions and Research Ltd, 1997). The data management strategy included treating each of FPWA's four organisational levels as separate projects. Comparison between groups allowed group differences to emerge. Elements of the NUD*IST4 index system for the core and four derived databases were then exported to Decision Explorer (Banxia Software Ltd, 1997) for graphical representation and gap analysis.

Research Findings

The consolidated view of FPWA's Business Idea is shown in Figure 2.



Analysis of FPWA's Business Idea

FPWA's organisational purpose is perceived as improving the sexual health of the Western Australian community. The subject matter is about sex, encompassing the changing nature of sex and sexuality. FPWA is valued throughout the community because of its expertise in sexual health. That range of expertise is reflected in the scope of care incorporated in FPWA's health care model. Medical, counselling and education services predominate, reflecting the holistic philosophy of the service. The professional profile and image of FPWA as "the place" to go for sexual health matters is an important outcome of the expanding service mix.

The changing face of sexual health is generating numerous commercial opportunities calling for new professional competencies. New community-based sexual health programs are examples of entrepreneurial initiatives undertaken by FPWA to meet the changing face of sexual health care. As FPWA attempts to incorporate these recent programs within the existing health care model and range of services, the depth and breadth of FPWA's entrepreneurial spirit is being challenged. Mitigating these windows of commercial opportunity are perceptions long held by many of the staff regarding what services FPWA should provide. FPWA's corporate purpose is seen as being impacted by the changing spectrum of sexuality and sexual health issues. FPWA's sense of identity, direction and organisational purpose is in transition.

The humanitarian, social justice aspect of staff commitment has been a driving force in the holistic nature of FPWA's service. This sense of humanity and caring is the spiritual whole that still integrates the FPWA corporate community, and this is the crux of FPWA's health care model. However, the changing economic aspect of FPWA's health care model, centred upon the user-pays versus ability-to-pay ethos, is under re-evaluation, challenging the pre-eminence of the social justice ethos.

The depth or range of services provided to the community is a direct function of the availability of funding. FPWA provides a range of broad-based community health promotion and specialised care for disadvantaged groups. Rationalism and the growing pressure to apply user-pays, philosophy that is more business-like is challenging the viability of that health care model. In the past, FPWA's competitive advantage has come from its corporate flexibility and creativity, a feature of its independent, community-based legal status. That flexibility was largely underwritten by recurrent Federal Government funding. The agency is currently being asked to substantiate to its principal funder why it exists, what it does, how it does it and how it assesses its performance in the overall scheme of things. Implicit in this is the issue of what are the valued results of FPWA's collective effort. The issue is essentially one of determining what FPWA has achieved from the community health promotion through to specialised care for nominated disadvantaged groups.

Outcomes at FPWA are being assessed quantitatively as well as qualitatively. Crucially, however, the professional discretion aspects of FPWA's service have not been identified as under serious threat. Professional staff have not been asked to cut quality, simply review work practices to take account of session times - issues of efficiency and effectiveness. The question being asked is "What are the key performance indicators that convey an impression that FPWA's service is relevant, and do these make a difference in the overall context of what represents a good service?"

Many longer-stay staff however, safe and comfortable in FPWA's old ways, are feeling increasingly threatened and concerned over government's heightened interest in quantitative performance. The negative aspects of funding and issues of purpose and function leave many staff feeling that FPWA may lose the very essence of what has made it unique and successful in the past - that collective sense of humanity and service. Many staff perceive what is at stake is FPWA's corporate uniqueness, reputation and unchallenged pre-eminence in sexual health.

Results

The interviews taken with staff indicated that images of the elements of the Business Idea model were largely consistent across each of the staffing strata excepting members of the Board of Management. The Board of Management group consistently failed to recount the key features of the normative service culture at FPWA that professional staff believed had underwritten FPWA's past success. Professional staff were adamant that this organisational essence should remain the driving force in whatever direction the agency might take in the future.

The results indicated a deep concern over the loss of the normative culture, reflected in the words of the professional staff. Themes of 'self preservation', 'status quo', 'self perpetuation', 'personal survival', 'internal struggle' emerged. Another emergent feature of the study was the growing inability of community-based agencies such as FPWA to attract and keep professional community volunteers still deeply committed to FPWA's normative ethos.

Service delivery staff were concerned about a perceived lack of leadership and management at the corporate level, specifically at the level of Board of Management. The results indicated that Board members lacked the necessary time to orient and expose themselves to the day-to-day work and culture of the organisation. The pressure of professional life has meant that many well-respected community volunteers have less and less time to devote to charitable work.

Many of the staff in FPWA felt safe and comfortable in the established culture. Change however was knocking on the door. FPWA was interpreted by the researchers as reflecting a predictable pattern of transitional systemic behaviour, a function of the struggles taking place within the established corporate culture as embodied in its structures, systems and processes. Adizes (1999) identified that when organisations and their stakeholders failed to deal with the transitional problems and move on to the next stage of corporate development, the organisation developed dysfunctional behaviour that hindered organisation growth and performance, possibly leading to corporate demise.

Based on the researchers' findings, FPWA was interpreted as reflecting Adizes' stable state of organisation growth. Adizes argues that in a stable state issues of performance, administration and integration dominate the decision making process whilst entrepreneurship takes a back seat. In the case of FPWA, these generic descriptors were issues of corporate direction, access to funding and a strong sense of humanity. In the stable state, the entrenched culture seeks to maintain a status quo that is increasingly under threat. At FPWA the strong sense of humanity or high-minded culture was resisting the emerging hard-headed culture targeting funding and value for money. What became evident was a decline of interest in the long-term corporate direction with many staff preferring to continue with a well-proven success formula at the expense of new and challenging services such as provision of men's health and regional services.

Day-to-day contextual and transactional pressures continue to interfere with and take organisational attention away from the corporate goal of service delivery. Productivity issues and cost control measures have begun to undermine the collective effort leading to what Kim described as a "drifting goals" scenario (Kim 1995a, pp. 8-11). The findings from the FPWA study indicate that management has indeed succumbed to contextual pressures, specifically those related to funding. Senior management has intensified the administrative focus on what they do not want to happen - the loss of recurrent funding - rather than on what they see as needing to be fundamentally changed. FPWA's adaptability and creativity is under pressure.

Conclusions

An awareness of the archetypal behaviour discussed above was a catalyst in the researchers being able to recognise what in their opinion was the key strategic issue facing the senior management of FPWA. Examination of the organisation's Business Idea in a climate of change revealed a lack of corporate purpose and direction. This was influenced by concerns over:

- Constraints such as perceptions of inadequate funding, worries about job security, ability to deliver the desired range of services and the desire of staff to preserve the unique elements of the service.
- Organisational and cultural aspects. These include dissatisfaction with leadership at board level, the need to balance a "human" service with high client throughput, a sense that the organisation's purpose and place in society was not adequately valued, and a lack of definition of organisational strategic purpose.

The agency runs the risk of losing government funding and support as it moves to embrace a mix of government funding and fee-for-service work. The Board of Management and senior management must balance the interests of the community, employees, government and other stakeholder groups such as providers of related community services. In pursuing that consensus, the question becomes how does the agency balance its high level of normative social justice with the increasing pressure for greater productivity, efficiency and economic accountability. For NGOs, this theme could be reduced to a simple question; "What does business-like mean?"

This research set out to investigate van der Heijden's Business Idea in a local setting. The study determined that a meaningful model of an organisation's commercial rationale could be articulated and that differing perspectives of staff within an organisation could be isolated and compared. The study determined that by developing an understanding of how an organisation operated in terms of the adapted supercategories of van der Heijden's (1996) model, including an appreciation of the problems and concerns impacting its output, a clear model of the Business Idea could be formed. This understanding could then be used to develop the key factors that are the basis of a scenario planning process, which in turn enables alternatives to be examined when planning strategy in a rapidly changing world.

In addition many of the concerns identified in the research impacting on FPWA - such as funding, staffing and human services - are issues which apply to other NGOs in Australia. The methodology used here to identify the key issues facing an organisation can be adopted by other non-corporate bodies facing similar problems to FPWA.

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