

Developing a Success Model for Income Support

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Abstract

All organisations seek to be successful, and for all organisations a central concern is the impact of uneven performance by staff on success. What lies unseen in attempts to understand performance is the structure behind. This paper describes the way in which the authors engaged in an organisational development intervention that used a ‘success Model’ to bring to the surface an organisation’s tacit understandings about the causes of its success or failure, and utilised systems thinking and dynamic modelling to elicit the structures and patterns embedded in these tacit understandings and to rigorously test the thinking involved.

The focus of the paper is not on the technical aspects of systems modelling, for which the authors claim no particular expertise (and which was provided by an experienced modeller), but instead on how useful and successful intervention is strengthened by the use of systems thinking and modelling.

1 Understanding the dynamics of success and failure

All organisations seek to be successful. The pressure on organisations for effectiveness and efficiency increasingly requires all participants to actively contribute to success. Large amounts of time and resource are put into implementing improvement programmes, performance management systems, team building and visioning processes and the like with variable results.

There is an assumption commonly used within the quality movement, that 80% of performance is a consequence of the system with only 20% due to the person and their skills and capabilities. This implies that understanding the dynamics of the system, the 80%, will have a greater impact than any other process.

Conversely the limits to the achievement of many improvement programmes may be due to the difficulties involved in learning about and understanding the dynamics of success and failure.

Systems thinking offers a powerful framework for learning about performance however in many organisational applications it has have proven too difficult to learn, too remote, complex and model focused for easy assimilation or translation into action for most

organisational development initiatives. For systems thinking and systems dynamics to realise its potential it must be both accessible and useful to the people concerned.

How then can we make systems dynamics relevant, accessible, and translated into effective action within an organisational development process?

As a partial answer the authors chose to reframe the systems dynamics approach into a process for creating a “Success Model”, incorporating systems dynamics with principles of participative change/development to enable individuals to learn more easily about their performance and so take control of their circumstances.

A recent project with the New Zealand Income Support Service (now part of Work and Income New Zealand) has served as a demanding test of the approach and has allowed us to generalise some of the key principles involved.

Income Support manages unemployment, sickness and solo parent benefit systems with over 3000 people in approximately 130 service centres and support functions. The sheer number of sites using similar processes provides an ideal natural experiment to investigate the dynamics of relative success and failure.

The focus of this paper is not the dynamics themselves, but the systems based change principles employed within a participative process to support self discovery of the patterns of successful practice and behaviour:

2 Why is understanding the dynamics of performance so difficult?

A central concern for managers is the impact on success of people’s uneven performance.

In seeking elusive improvement they attempt to elicit those specific causes of success that seem to account for the disproportionate success of some individuals, and to then pass them on to others. They are often perplexed by the obviousness of the factors they elicit, and are frustrated by the reception accorded their exhortations to others to replicate this behaviour.

Most understanding of organisational performance is tacit and most mental models of success are ‘recent event’ driven. What lies unseen is the underlying structure – the pattern of reinforcing beliefs and actions over time which, taken together, result in success or failure.

Moreover, when recalling examples of success, attention is usually paid to specific elements not patterns, and so exhortations to greater effort with reference to these elements (‘pay more attention to your customers’), or coaching in specific skills (‘here’s how you manage the spreadsheet’), seldom make reference to the purpose, surrounding context and time scale that enabled those specifics to be successful. Unsurprisingly the exhortations generally fall on deaf ears. If accepted and acted on they can produce unexpected and often unwanted results.

Hence the ability of individuals (and managers) to understand the dynamics of their performance, and that of the group of which they are part, is more difficult than might be expected. The difficulty is compounded by some interrelated tendencies that limit learning, and the resulting incomplete understanding is reinforced by the tyranny of limited mental models.

2.1 The disconnection of meaning and purpose hampers useful learning

While people give an immediate purpose and meaning to the specific actions that make up their jobs, there is often a disconnection from the meaning and purpose of the whole system within which they sit. There is often, for instance, a difference between the meaning given by a person to the processing of the request for an emergency benefit ('ensure that people get their entitlements, and help them through this emergency' [*with its focus on the presenting problem*]) and the avowed purpose of the benefit system ('ensure that people get their entitlements and help people move beyond a state where they have emergencies and towards some satisfactory version of independence' [*with its focus on affecting the future*]).

This disconnection (aspects of a limited mental model) hampers a person's ability to reflect critically on the effectiveness of his performance, since he lacks the broader criteria available from understanding the whole system, by which to be critical, and leads to actions which are ultimately incompatible with the system's avowed purpose.

2.2 We do not learn well from experience

We might expect that, over time, from repeated patterns of successful and unsuccessful experience, we would learn to be more successful. This is more difficult than we imagine.

Dorner (1996) in his illuminating analysis of error in complex situations suggests, particularly in respect to formulating and implementing actions, that there are four main psychological reasons why we are not more successful at problem solving.

The first is the slowness of human thinking and the small amount of information that we can process at any one time. This slowness obliges us to take shortcuts and prompts us to use our resources as efficiently as we can. The need to economise leads us to omit or simplify steps in the thought processes. Hogarth (1987) also notes the unconscious tendency to attempt to reduce complexity. Given these characteristics it makes sense that most people's attempts to solve problems are characterised by "an incomplete search for information that comes to an end when a satisfactory (but not optimal) solution is found" (Vennix 1996; Neustadt 1986). Whilst this selective perception is efficient, to the degree that it distorts our understanding of situations it is not very effective.

A second reason is our tendency to protect our sense of competence. We need to feel that our actions have some chance of success, otherwise we are unlikely to act; this is particularly acute for people working in organisations where the situation seems to get worse despite their best efforts. The tendency to protect affects both the way we interpret situations and our capacity to act. Which often leads people to attempt to solve only those problems they know they can solve, or worse, to withdraw from solving problems at all.

A third reason is the relatively slow speed with which we can absorb new material. Coupled with a limited ability to retain information in short-term memory (Miller 1956), and an attention span which is also relatively limited (Simon 1985), and taking account of our need to remain competent, it is not surprising that we have a tendency to 'leap to solutions'.

The fourth psychological mechanism is the tendency to focus only on immediately pressing problems. We not only fail to foresee what were in retrospect clearly visible and imminent situations, we tend not to look for context – both temporal and dynamic - when we seek to understand and solve problems.

These difficulties in problem solving are compounded when we wish to learn from experience by the tendency described by Herbert Simon (1948; 1985) as ‘bounded rationality’. Bounded rationality describes the tendency to utilise selective perception and selective memory, ensuring that one’s view of the world remains coherent and internally consistent. The coherence of the view gives the holder confidence in it, but prevents him from realising that the view might be quite disconnected from the actual situation and from others’ views of it. The apparent coherence of the view also prevents the holder from searching for external or disconfirming evidence. Bounded rationality is “adaptive within the constraints of the situation and limited by the information processing capabilities of the decision maker.”

Finally, in the attempt to seek resolution of uncertainty, and bolster our sense of competence, we focus on symptoms and other salient features, rather than spending time searching out intransparent underlying relationships (which we have no indications exist). In the process we develop maps consisting of inaccurate causal relationships which, over time, become difficult to shift (Hall 1984). When cause and effect are separated in time and space as they generally are, we have no access to evidence confirming or disconfirming the effectiveness of our actions, and so our maps remain intact.

Senge (1990) points out a central dilemma involved in attempting to learn from experience – that whilst we may learn best from experience we never directly experience the consequences of many of our most important decisions.

So, exhortations to do better largely fall on deaf ears, and learning about the dynamics of the context within which our actions take place, which would render the exhortations more sensible to us, is difficult.

2.3 The challenge for systems dynamics in organisational change

The environment of continuous rapid change requires adaptation and evolution of organisations as whole systems. Non systemic approaches to improvements in these situations have had limited success. Frustration and negativity surrounds many people who feel trapped inside dysfunctional structures and behaviours, where efforts to improve only add to their stress.

We believe that systems thinking offers huge potential for developing this systemic understanding about organisational context and relationships, encouraging the emergence of more appropriate behaviours, if it can be both accessible and useful to the people concerned.

How then can we make systems dynamics relevant, accessible, and translated into effective action within an organisational development process?

It is the attempt to overcome some of these difficulties that lead us to the notion of a ‘Success Model’. In its simplest form this is a reframing of the systems dynamics

approach into a process which incorporates systems dynamics and the principles of participative change/development. A Success Model tells a story about the elements of the system – the structural influences, and the patterns at work as well as the obvious events. And by doing so, increases the opportunities for people to recognise and reflect on the structure of their own experience, so that they can identify a pathway out of their current situation and towards the success they desire.

3 Re-framing the “problem”

The New Zealand Income Support Service (now Work and Income NZ) is the government agency responsible for social, sickness and unemployment benefit management and associated payments of approximately nine billion dollars per annum. With a staff of 3000 the Service initially established itself as a reliable “bank” – achieving high rates of accuracy in payments and rapid turnaround rates for processing benefit applications from over 130 service centres located through out the country.

With its payments functions under control focus shifted to a social quality goal of changing from “welfare dependency”, where beneficiaries lived lives characterised by numerous crises – of housing, health and family, towards greater self responsibility, improved work prospects and more fulfilling lives, helping them move ‘from welfare to wellbeing’.

The critical step was the introduction of a customer management system and the development of individual customer agreements between each beneficiary and their Customer Service Officer (CSO). This required a significant change in orientation, skills and work processes to be successful.

Overall the transition was counted as successful with significantly increased performance by all centres on their key performance indicators. However large variations in performance were evident which did not seem related to geography, size, demographics; internal process or technical skills. We were asked to explain why this gap in performance occurred and to identify what processes would be appropriate to lift performance.

Our initial efforts to persuade our client that a systems model would be appropriate failed to pass the clients implicit tests of relevance and value, i.e. we failed dismally to explain how having a systems model would be of any real benefit in addressing the critical pressing problem! It was agreed however that a study into the structure of successful and unsuccessful practice would be of value and that process would aim to support local change efforts rather than be conducted as an arms length review.

3.1 Shifting from a “problem” to a “success” orientation

Income Support utilised a sophisticated structure of performance measures for each centre that covered outcomes achieved, key process and centre infrastructure variables. All centres operated under high perceived work loads and stress levels as a result of the apparent conflict between the constant pressure for accuracy and timeliness within the payments process and the proactive time required to implement the case management process. In many centres this conflict resulted in a perception of infeasibility and the

externalisation of problems (“our demographics won’t allow this to work” or “we can’t do this until the information systems are fixed”), while other centres seemed to have simply made it work.

Our initial steps in building the success model involved the twin aspects of enhancing the operational definition of the intent of the organisation while simultaneously reducing the fear, defensiveness, sense of failure and attribution of blame associated with current levels of performance.

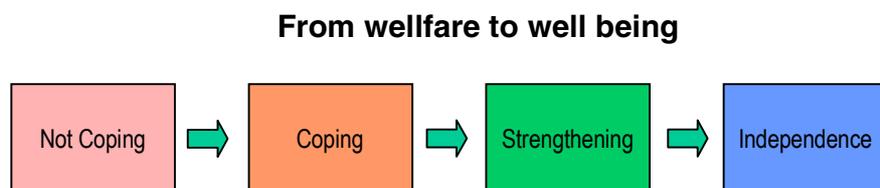
The challenge was to use the strength of intent of both the organisation and individuals within it, combined with freedom from defensiveness to allow a deeper inquiry into the system in focus.

3.2 Operationalising the intent

Most organisations have relatively weak operational definitions of their intent. The typical vision statement is couched in broad general language that are not easily translated into operational terms. In essence only when the goal is clear can we understand the constraints on success, i.e. the real ‘problems’.

The first step in building the success model was developing a stock and flow model of the main chain of the value flow “behind” the overall intent. From “welfare to wellbeing” describes not only a philosophical stance but also a practical flow of Income Supports’ customers through a series of stocks and transitions:

- Not coping; where some one is perhaps recently unemployed, in financial and emotional crisis where stabilisation is the critical step.
- Coping; where their life is somewhat in control and efforts to improve skills such as budgeting will help
- Strengthening; where there is sufficient free energy available to invest in ways of improving work skills or life competencies.
- Independence; able to participate fully and independently in the community



As a change process, clarifying the operational definition of intent is often an illuminating first step in its own right, highlighting the varieties of perception and hence explaining a proportion of the variation in success found within the organisation.

3.3 Reducing fear and defensiveness

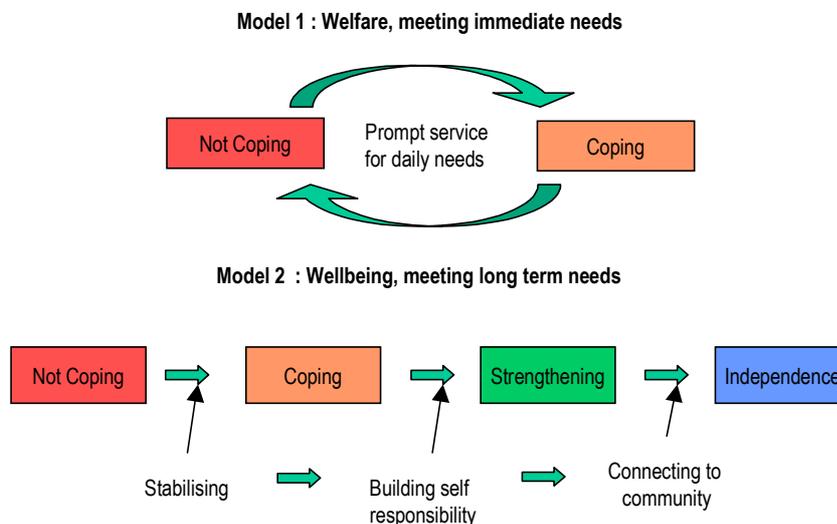
At the other end of the organisational scale the process of building a success model depends on developing a deeper inquiry into the individual experiences of success and failure over time. With our natural dispositions to seek causes of failure, ascribe blame to events and the individuals involved, the important step is to see success/failure as a property of the system as a whole rather than attributable to individuals.

The critical step here was the opening “attribution of good intent” during the research process; that “everyone is working hard, using best endeavours, wanting to succeed” rather than focusing the inquiry on the problems or who is to blame. In essence this is no more than following Deming’s dictum for quality improvement... “drive out fear from the workplace”. From an interventional perspective this shift can be the occasion of an intense emotional release for those who have become trapped within a dysfunctional and negative set of operating mental models. The sense of living within a situation which seems to get worse despite our best efforts is a common experience, as is the next step of absorbing blame and guilt.

4 Embracing the full dimensions of success

Our research process involved interviewing centres that were at the extremes of performance as measured by both Income Support’s performance measures and managers’ assessment. The process involved both inquiry into individuals experience and mental models of the structure of success, and testing of the emerging concepts from the parallel system mapping/modelling process of the consulting team.

It was soon apparent that there were two models of organisational intent operating, model one characterised as a “welfare” model where the intent was to pay benefits and retrieve customers from what ever crises may befall them. Model two operated in alignment with the “welfare to well being” flow described previously. From model one perspective the prompt response to crises was paramount, case management was seen as a secondary, low value activity by comparison with the social function of helping those in need. From a model two perspective this absence of a proactive view meant that CSO’s were actively participating in the perpetuation of their clients’ crises, reinforcing the dependency relationship.



In effect the organisation had one espoused theory but two different operational models with profoundly different implications for those working within the centres. The difference between the two in tension and emotional tone of an individual's personal experience was palpable. We found that enabling people in "model one" centres to articulate a logic behind their emotional experience provided a power that the abstracted systems dynamics descriptions failed to provide.

How then could we combine both the intellectual rigour of a systems model and the power of the softer aspects of intent, perceptions, emotions and experience of people into the model of success?

Our answer was to explicitly structure the success model to embrace three dimensions of success: the operational models of intent, the intellectual systems dynamics models of patterns and structure and the emotional intelligence of the key actors involved - what people within the system might see, hear and feel.

5 Encouraging exploration of the possibilities

The construction of a success model follows a process of reflection, inquiry, description of patterns of relative success and formation of causal relationships, which then provide the stimulus for the next level of reflection and action.

The challenge is to articulate the variety of mental models in place in ways that both build towards common patterns and maintain the validity of hugely different experiences. This is the modern analogue of the parable of the blind men describing an elephant, each according to the part of anatomy they can feel.

The authors experience of this process highlights the critical role of developing stock and flow diagrams in describing the "elephant" with effectiveness, elegance and discipline but also the difficulty of drawing in and engaging people starting from widely varying levels of understanding.

It is essential that this process is not allowed to degenerate into a prescriptive expert driven mode for this risks jeopardising the engagement and ownership critical for change. The process requires skill in both facilitation of the inquiry and development of the underlying model, but these are subservient to the assisting those involved in the process of self discovery.

Two critical components emerged as answers to these concerns: first, the ability to "tell the story", to convert the systems model into a narrative line engaging each aspect of intent, intellect, emotion and action described previously, and second, to engage people in "what if" exercises of self-discovery of the patterns and linkages involved.

5.1 Telling the story

Like most organisations Income Support staff had wide variations in educational and cultural backgrounds. There were high levels of concern, stress and emotion in many of

those involved. In some there were perceptions of unfeasibility, “We are different, it won’t work here” or “We have tried that and it doesn’t work”.

There were several challenges in presenting the model. There was a need for people to see their own role in contributing to poor performance, as players in the system, without attributing blame. This was a particularly difficult shift for many to make, since up to now problems had been attributed to external factors – to location, make up of client base, unreasonable demands. They had also to overcome the defensiveness that normally accompanies discussion of poor performance. Finally, we had to engage them in a quite complex and involved model.

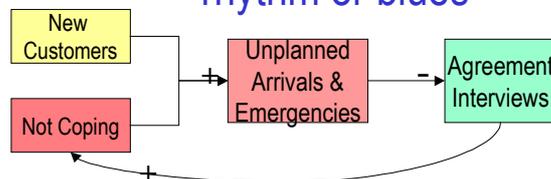
We began telling the story by developing the main themes as “threads of a story” – describing a successful Centre, moving to contrasting experiences, and allowing the audience to become open and involved in the narrative, relating it back to their experience.

Threads of a story

1. There is a pattern in successful Centres to the flow of customers from welfare to wellbeing
2. Front end management dictates the tempo (rhythm or blues)
3. Rhythm comes from a structured, scheduled, orderly process tuned to turning interviews into agreements
4. Within the process there is a flow to each individual’s day, accompanied by a tension that leads to stress or achievement
5. Maintaining a Centre’s base of skills and competencies is a systemic issue, a necessary, but not sufficient, condition of success
6. Each Centre’s culture and the orientation of the Centre manager influences all of the elements above

The use of the ‘rhythm or blues’ to explain the tension and pace in a Centre, and explanations of the ‘cycles’ to connect practices and Centre difficulties, tapped people’s

2. Centre front end management... rhythm or blues



- Moving to wellbeing requires customers to be coping with their situation, plus CSO time to undertake proactive agreement interviews
- Unplanned arrivals & emergencies load up the front end of the process, reduce the time available for proactive interviews, increase the stress on CSO’s, slow down the flow “Not Coping” to “Coping” and hence perpetuate the cycle... **the blues**
- Managed front-ends restrict unplanned arrivals, increase the proportion of time in proactive interviews, increase the flow out of “Not Coping”... **the rhythm**
- Although both states are potentially stable, a Centre in **the blues** will show increasing debt, a lack of agreements etc. However, because they are both stable states, a Centre in **the blues** which tries to shift to **the rhythm** will find the stress level rising initially (the ‘getting worse before it gets better’ cycle).

emotions and they responded overtly.

We showed how individual CSO's who were successful ensured that each contact with a customer lead to an agreement of quality, which furthered the overall outcomes, and contributed to the CSO's control of their caseload.

We used the Core Business Models (see page 8) to describe the overall outcome that the whole system was designed to deliver, and to demonstrate how, while the espoused theory and theory in use was consistent for some, for others there was a gap. People were able to recognise their own mental models in the story, able to connect their practices and the consequent results.

We then opened a discussion about how the gap between each centre's current practice and the idea of successful practice might be closed.

5.2 Exploring the “what ifs”

After the first session people usually better understand the dynamics of success. They have recognised many of their own practices and they understand better the causes of the difficulties they face, and their own parts in them. But they are still trapped in the current patterns and structure, and have no real sense of what, specifically, they must do to make a difference. They need to move from the abstract to the real, to ask “What do we need to do?”

There are several challenges to learners here. They need to realise that improving all aspects of performance at once will not work, and so they need to be able to recognise which improvements have high leverage potential. They need to understand that in some areas things will have to get worse while energy is devoted to fixing the more fundamental problems.

In considering where to start and how to take the first steps, the mechanism we have found useful is to engage people in ‘what if’ exercises in which they are able to discover for themselves the patterns and linkages involved. These consist of taking each element in the story, and asking a series of ‘what if’s’ of it. From the possibilities raised people select what seem to them to be high leverage possibilities. They create one or two first steps, and make a commitment to explore those steps over the ensuing weeks. They also explore the consequences of those steps in order to avoid the subsequent “it gets worse before it gets better trap”.

They then work together in small informal groups taking action, with a series of reviews.

6 Interim outcomes and lessons for the future

Following validation of the Model by the people we interviewed it was presented during two ‘Frontline Conferences’ to small groups of 8 CSO's in 30 minute rotations. Four hundred people listened and discussed aspects during that time. The results were unexpected and startling. Two people said “it can't work” with reference to their own difficult circumstances, apparently meaning “nothing will work”. However a steady stream of people came to discuss how actions interrelated, how an action to solve one

problem caused another. For some it made sense of their situation for the first time. The degree of relief was palpable.

Understanding does not automatically lead to action. In the immediate aftermath, the Area teams of Centre Managers discussed the model and most set up groups to consider the implications. The most evident action came from a Manager of a very large Centre that was locked into a cycle of customer emergencies, long queues and staff stress. It was a revelation for her to understand “We’re not different after all”. She and her team leaders set about addressing the most fundamental of the causes of their situation. The results were obvious and immediate. For the first time the staff believed that they had some control of their own situation.

During the months following the Conferences, Income Support and the New Zealand Employment Service amalgamated to form Work and Income New Zealand (WINZ). This has demanded another cast of mind and set of processes.

In the latter part of 1998 we were asked to develop a Success Model for the new organisation. This assignment presented a considerable stretch on the last, since WINZ has a strategic focus on placing people into work first and onto benefits secondarily. In this assignment the Model needs to reflect what will be (for several years at least) the new model of the organisation.

We used a two tier approach in this case – interviewing and developing the model, and engaging senior Managers in modelling WINZ’ strategy, in a Strategic Forum. The Model approach has again proved successful. A systems dynamics model of the WINZ strategy has been built into a computer based Learning Environment (a management flight simulator), to support staff development and coaching of Centre Managers.

In accordance with the principles underlying the participative nature of the development of the Model, the way forward involves developing small networks of change champions using the model as their guide to intensive change activity at the work place.

As for the future, we have a vision of incorporating the success model into many different organisational infrastructures in future, assisting people to understand more fully the dynamic context within which they work, and helping them develop the tools to design more productive workplaces.

We have, for example, with a client’s sales team, focussed on performance measurement, with the team developing a model of the sales process, identifying the critical drivers in the system and their relationship to each other. The client then constructed a balanced scorecard with a systems model at its base.

We believe that there is a further powerful use of the Model as the basis for personal development, in which individual development is tied to the organisation’s Success Model, through an iterative learning cycle.

7 Summary

Learning about our own performance is not straightforward, nor simple. There are many barriers in the way we respond to the world which prevent us learning effectively. There are also barriers within the organisations for which we work.

Helping people to engage in reflection about their working situations, in circumstances in which they are struggling, and taking into account the barriers to learning, is a challenging task.

This paper has described the authors' development of Success Models as a way to help a client organisation understand and rectify performance discrepancies.

The process described above, coupling systems thinking and systems dynamics modelling with participative learning, can provide people with profound insights into their situation and their own behaviour within it, and point the way to making changes. There are also considerable benefits for the organisations concerned, particularly in the potential for linking more closely the avowed intent of the organisation and the intent of individuals.

The assignment provided learning for the client, learning for us, and a very satisfying blending of our belief in systems thinking and our attachment to participative change.

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