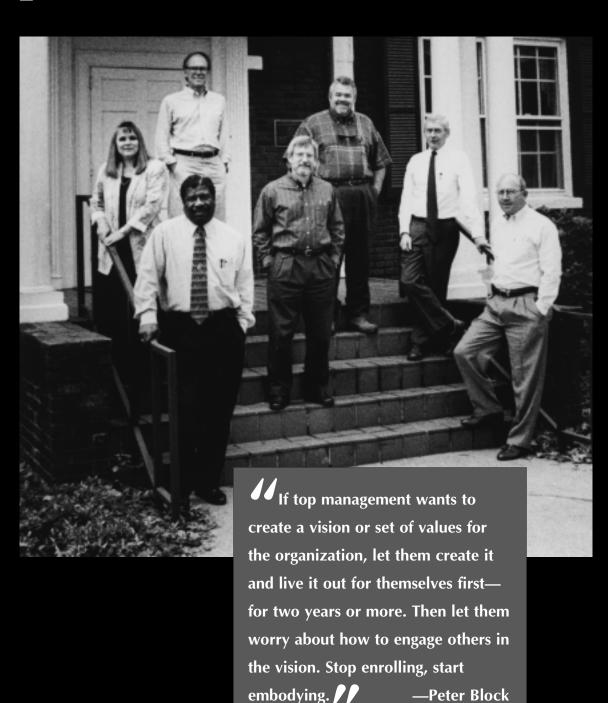# One City's Journey toward More Responsive Government

## Laurinburg, North Carolina

Anne S. Davidson and Richard R. McMahon

> **If top management wants to create a vision or set of values for the organization, let them create it and live it out for themselves first— for two years or more. Then let them worry about how to engage others in the vision. Stop enrolling, start embodying.**
> —Peter Block

In 1991 Peter Block issued this challenge in his classic book, *The Empowered Manager.*[1] To date, few individuals or groups have responded to his call. Instead, organizations often send managers away on three-day retreats to create a vision, a set of values, and a change program. Then the managers come back and attempt to "enroll" employees in the new effort. The managers expect employees to change but not necessarily themselves. Instead of engendering a sense of responsibility and ownership, the approach breeds cynicism. Employees do not commit themselves to something they have had no part in creating.

Chris Argyris, writing in a recent issue of *Harvard Business Review*, asserts that in reality "today's managers have not yet encountered change programs that work."[2] He believes that for all the efforts to empower employees through vision statements, strategic planning, and programs like reengineering and Total Quality Management, little works in the long run. At best, managers and employees alike comply outwardly. Organizations may experience dramatic short-term gains, but fundamentally they do not become more flexible, more responsive to customers, or better able to deal with the complex problems facing society.

One North Carolina local government[3] has accepted Block's challenge. The City of Laurinburg Management Team (see page 14) wants a government that can solve problems well, respond rapidly to citizens' changing expectations, and use resources efficiently. To achieve that, the city needs enthusiastic, creative employees who take ownership of their jobs and responsibility for the success of the entire organization.

The management team has known from the outset that achieving this goal was likely to take a significant amount of time. The two of us, as the team's facilitators, guessed that Block's estimate of two years for bringing about fundamental change in an organization was optimistic. Yet the team committed itself to working with our help for at least two years to see what it could accomplish. This article is the story of our shared journey from March 1996 to June 1998.

We all agree that the journey has just begun. Only now are we starting to see results that affect the whole

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organization. Yet already we have learned much. Engaging in long-term organization development is not for everyone, but our experience points us in useful directions for creating more responsive local governments that can meet the daunting demands of the times. We invite readers' comments, questions, and challenges to our assertions.

## Change in the Face of Stability

Most people riding through Laurinburg, with its wide streets and well-maintained homes and churches, would find it an unlikely place to begin a major organizational change process. This lovely town of close to 16,000 people has been home to important native sons like the late Terry Sanford and Edwin Gill.[4] In 1996 Peter G. (Pete) Vandenberg had managed the city for twenty-six years, serving with only four mayors in that time. Only one department head had fewer than twenty years' experience with the city. City employees believed that they worked for a well-run organization and thought that they served citizens more quickly and efficiently than employees of most other cities did. This attitude engendered much pride.

Department heads working for the city enjoyed a unique freedom from political interference. Council members did not call them or otherwise intrude on nonpolicy issues. The council did not change many items in the manager's recommended budget, nor did the manager alter many of the department heads' requests. Like council members, citizens seldom complained. No one was pushing the city to change; there was none of the sense of urgency or crisis that so often drives change efforts.

But Laurinburg's manager and department heads were staying abreast professionally. In fall 1995, during an International City/County Management Association meeting, Vandenberg toured the Celestial Seasonings manufacturing facility in Boulder, Colorado. He says of that visit,

> I have toured many plants over the years but have never had an experience as positive as was this one. Some of the things which impressed me were the employees' concern for the environment, their knowledge and willingness to adjust for cultural differences, and their use of customers to not only help develop new blends of tea but also name them and design the decorations on the box. . . . We were taken through every part of the plant, encouraged to ask the line-workers any questions, and cautioned about doing anything which could disturb the process or threaten our safety. There were, however, no roped off areas

**Opposite, Laurinburg's current management team: (clockwise from bottom left) Robert L. Malloy, Cynthia B. Carpenter, Robert Bell, William A. Riemer (center), Robert Ellis, Peter G. Vandenberg, and Harold Smith.**

with nasty signs saying "for liability reasons, no one except employees allowed beyond this point." I left that tour with a sense that Celestial Seasonings was the finest company with the greatest employees in the entire world.

So Vandenberg began to reflect deeply about what creates an exceptional organization.

Earlier William A. Riemer, Laurinburg's director of administration and development, had attended the Institute of Government's Group Facilitation and Consultation course. Since 1990 he had been introducing the city's management team to principles of group effectiveness taught in that program. In 1995–96 Robert Ellis, the treatment plants director, completed the Institute's Municipal Administration course. The team also had worked with a management consultant to develop a vision for the organization, to adopt ground rules for working together more effectively, and to improve the city's pay plan and procedures for performance appraisal.

All these experiences helped move the team forward, but Vandenberg in particular wanted more. Believing that demands on local governments would increase, he sought to create a more adaptable organization focused on being effective in the face of rapid change.

For a number of years, Vandenberg had worked with one of us, McMahon. Vandenberg had heard about a concept of organization development called the "learning organization" (see "What Is a Learning Organization?" on page 16). He discovered that McMahon wanted to work with a city in applying this concept. Vandenberg describes his early 1996 decision to invite McMahon to work with Laurinburg as follows:

> I was intrigued by the learning organization concept and considered this an opportunity to improve my interpersonal relationship skills, particularly in light of my engineering background and training. I also saw it as an opportunity for staff to be better able to communicate and therefore to develop and have a higher level of commitment to organizational goals. Although I had the vague impression that this would ultimately encompass more than staff—that is, the entire organization—I had nowhere near a full comprehension of the magnitude of it, particularly the time it would take and the logistics that would be involved.

## The Journey's Start

### Creating a Road Map

To date, no known organization fully embodies the learning organization concept, so we had no road map. From our understanding of organization development theory and our years of work with other organizations, we did envision a clear set of sequential but overlapping steps that might move an organization toward productive learning. We based these steps on a series of assumptions. First, the manager and his department heads would change and then lead changes in policies and procedures. Also, redesign of the organization's policies was a necessary condition of fundamental change. Further, change would have to be designed on the shared values and beliefs of the management team. Finally, for the team to learn "deeply" (à la Senge; see page 16), it would need to pair understanding of new ideas with practice at using them in everyday work.

The steps we envisioned for the team and later for the full organization were as follows:

1. Learn fundamental concepts that were part of the learning organization theory and approach.

**Peter S. Vandenberg**



## Laurinburg Management Team

Our partners in this experiment, the current and former members of the Laurinburg management team, are as follows:

Robert Bell, human resources and safety director
Cynthia B. Carpenter, finance director
Robert Ellis, treatment plants director
Robert L. Malloy, police chief
William A. Riemer, director of administration and development
Harold Smith, director of public works
Peter G. Vandenberg, city manager*
Jack Di Sarno, former personnel director
Phil Robe, former finance director

They have generously granted full permission to share our joint successes and failures. All are open to readers' inquiries about the experiment.

_____

*Vandenberg is retiring as city manager effective December 31, 1998. "Of all my considerations in retiring," he says, "leaving the 'learning organization' has been the most difficult part of the choice." He still will welcome inquiries about the team's work.

2. Adopt ground rules for effective group process that were based on a clear set of core values. Ground rules would help team members improve their internal communication and manage conflict effectively.

3. Commit to making all decisions by consensus. This step would be important for team members to take ownership of their decisions and become vested in taking responsibility for the whole organization, not just their departments or divisions. Later, other teams in the organization—middle management groups, work units, and the like—also would use consensus, even though it would be impractical for the organization as a whole to attempt this.

4. Develop by consensus a set of shared values and beliefs. Values and beliefs would be necessary to redesign the organization. They would become a template for judging the adequacy of decisions.

5. Question deeply held assumptions that had led to past ineffectiveness. Without dealing with such assumptions, redesign would not fundamentally change the organization.

6. Redesign policies around the shared values, beliefs, and interests of managers, employees, the council, and citizens. Changes in policy would be essential to have a lasting effect on productivity. This step would begin the full organizational redesign necessary to create a learning organization.

7. Train employees to operate consistently with the learning organization approach. Ultimately the total organization would have to understand and behave consistently with learning organization concepts.

8. Design processes to seek input consistently from citizens, employees, and the council as a foundation for making decisions.

9. Generate new databases to provide valid information about the organization's effectiveness.

Commitment to a new process like this would need to develop over time. Doubts would arise as the team learned more about the effort that this type of change process takes and as it discovered that its old ways of "being effective" often had created worse problems in the long run. Periodic reviews of the team's commitment to the process would have to be designed into the change effort, with a clear understanding that either party to the contract—we or the management team—could terminate the relationship at any time as long as it shared valid information about why it wished to do so.

## Reaching an Agreement

In March 1996 McMahon met with Vandenberg and the five department heads who reported directly to him to discuss developing a learning organization. They explored time and resources, particularly the need for regular meetings with two facilitators present. Regular meetings were necessary to sustain learning and provide continuity. The difficulty of mastering the learning organization concepts led McMahon to believe that no one could facilitate this kind of project alone. Subsequently McMahon asked Davidson (then a new Institute faculty member) to serve as cofacilitator.

At a second meeting, the team met Davidson and explored further whether it wanted to embark on the project. During this and the previous meeting, we facilitators also assessed whether we could help Laurinburg become a learning organization.

These two "contracting" meetings were held one week apart. In the interval, team members read articles about the learning organization concept, considered what they had learned in the first meeting, and discussed concerns among themselves.

Despite great uncertainty about where the venture might lead, we and the team decided to go forward. McMahon likened it to going on a jungle exploration with knowledgeable guides: no one knows the territory, but the guides have some useful skills to help the group overcome obstacles and grow from the experience.

Since making this agreement, the management team has met with us twice a month for twenty-eight months, each meeting usually running from 9:00 A.M. until 4:00 P.M. At each critical stage of learning and development, we have reviewed our joint commitment to continue.

## Laying the Foundation

The team agreed to start the journey with the steps that we had envisioned. The first step was for managers to study the learning organization concept. Together we identified three important areas of learning: (1) systems thinking; (2) mental models, particularly the concept of moving from a "unilateral control model" to a "mutual learning model";[5] and (3) use of ground rules for group effectiveness.

*Systems Thinking*

Systems thinking is based on the notion that organizations operate as "a collection of parts which interact with each other to function as a whole."[6] Much like the human body, the parts interacting together can produce something that none can produce operating alone. Moreover, actions taken in one part of a system influence every other part. A man might take aspirin every day for a headache, but in time he would be likely to develop stomach or other health problems. To act systemically, he would need to study the system, discover the cause of the headaches, and evaluate a variety of possible solutions. He would need to go beyond the "quick fix" of alleviating his pain and carefully consider potential side effects of any intervention. In much the same way, an organization must be treated not as a collection of separate mechanical

# What Is a Learning Organization?

Peter M. Senge popularized the notion of a learning organization in his 1990 business bestseller *The Fifth Discipline*.[1] "Learning in organizations," he wrote, "means the continuous testing of experience, and the transformation of that experience into knowledge—accessible to the whole organization, and relevant to its core purpose."[2] All organizations learn. They routinely gather information, improve processes, change policies, reorganize structures, and develop new databases to guide future activities. The difference in learning organizations is a focus on learning that changes the deepest level of the organization's culture—its values and beliefs. Senge describes the difference by likening a learning organization to a "great team":

> Looking more closely at the development of such a team, you see that people are changed, often profoundly. There is a deep learning cycle. Team members develop new skills and capabilities which alter what they can do and understand. As new capabilities develop, so too do new awarenesses and sensibilities. Over time, as people start to see and experience the world differently, new beliefs and assumptions begin to form, which enables further development of skills and capabilities. The deep learning cycle constitutes the essence of a learning organization—the development not just of new capacities, but of fundamental shifts of mind, individually and collectively.[3]

The shifts to which Senge alludes lead members of a learning organization to examine the long-term consequences of their behavior, to question the purpose of their actions, and to seek fundamental, enduring solutions to problems rather than continually revising how they do things. This learning demands profound reflection on the gap between the results members intend and the results they get, and their personal contribution to getting an unintended result. For example, members of a learning organization do not assume that they cannot discuss difficult performance problems. Nor do they assume that problems are the employees' fault. They first ask questions like "What in the organization's culture makes it difficult to talk about this issue?" "What did I do that contributed to the other person's behaving ineffectively?" and "What is happening that sustains poor performance and discourages change?"

Organizational learning in this context is not a matter of sending members to classes for training in novel techniques or processes. "Learning is not simply having a new insight or a new idea," Argyris explains. "Learning occurs when we take effective action. . . ."[4] In this view, he says, "action is not simply the discovery of new ideas or the development of new policies; it is the implementation of these ideas or policies and the evaluation of the implementation's effectiveness."[5] In other words, this kind of learning tests ideas and concepts to see if they work. It cannot happen in a three-day program, nor can it occur by simply adapting good ideas from another organization. It involves mastering such talents as the capacity to reflect on assumptions and patterns of behavior, the ability to see how large systems work, and the ability to clarify and behave consistently with deeply held values and aspirations.[6]

Given the difficulty of the task, why would an organization aspire to become a learning organization? Traditional bureaucracies are created to be stable, highly controlled environments reducing variation and producing predictable, uniform results. Normally they change slowly because they are driven by rules, policies, and procedures intended to limit discretion and thus minimize mistakes. Many government organizations (as well as most large private corporations) are highly bureaucratic. There is a clear hierarchy, the focus is on consistency with policy and procedures, and the primary influence process is use of formal authority. A culture develops that is driven by many unwritten rules regarding protocol, hierarchy, who can speak, what can be challenged. Having the kinds of conversations necessary to generate valid information becomes extremely difficult. Critical information is ignored or withheld, and the result is decisions like the O-ring analysis that led to the Space Shuttle Challenger disaster[7] or the small town with only two-story buildings purchasing a $350,000 ladder truck.

Bureaucracies serve people well in times of stability. But their cultures become deeply embedded. As a result, they generally react to external problems rather than anticipating change and designing effective responses to new situations.

The learning organization is based on a different set of assumptions. Its intent is to embody a shared vision and values, continually learn from actions, and more effectively address complex issues. Learning organizations are intended to respond to external demands for change better than bureaucracies do. Further, they are more proactive than bureaucracies in designing their own changes based on a sense of their mission, purpose, and guiding principles. In learning

parts but as an organic system in which actions in one area produce both intended and unintended consequences in others.

One of the most valuable benefits of thinking systemically is recognizing that people's own actions often contribute to consequences for which they blame others. For example, Laurinburg's director of public works was frustrated that employees often gathered at the shop at the end of the day and left before quitting time. Attributing this phenomenon to the employees' laziness, he and his supervisors dealt with it by "giving [the employees] hell every six or eight months." As he came to understand systems thinking, the director started asking what he and others had done to set up the problem. The question switched from "What can we do about employees' laziness?" to "How have we created a system that causes and sustains this kind of behavior?" The answer, he realized, was that

organizations "the search for valid knowledge, a commitment to personal responsibility and stewardship and a dedication to effective action are paramount."[8]

Much evidence indicates that the truly lasting organizations are those that are highly adaptable, not those that focus on stability. In a study of twenty-seven companies in North America, Europe, and Japan that were from 100 to 700 years old, Arie de Geus and his colleagues at Shell Oil found the organizations' distinguishing characteristic to be the ability to manage for change.[9] The organizations shared four "personality traits": conservatism in financing; ability to adapt to changes in the world around them; a sense of community with a clear identity, making all employees feel like parts of a whole; and a tolerance for new ideas, experiments, and "eccentricities that stretched their understanding."[10]

For a summary of some key shifts that characterize the move from a traditional organization to a learning organization, see Table 1.

### Notes

1. Peter M. Senge, *The Fifth Discipline: The Art and Practice of the Learning Organization* (New York: Doubleday, 1990). Senge's ideas about learning organizations are based largely on the work of Chris Argyris and Donald Schon. *See Theory in Practice: Increasing Professional Effectiveness* (San Francisco: Jossey-Bass, 1974) and *Organizational Learning II: Theory, Method and Practice* (Reading, Mass.: Addison-Wesley, 1996).

2. Peter M. Senge, Art Kleiner, Charlotte Roberts, Richard B. Ross, and Bryan J. Smith, *The Fifth Discipline Fieldbook: Strategies and Tools for Building a Learning Organization* (New York: Doubleday, 1994), 49.

3. Senge, Kleiner, Roberts, Ross, and Smith, *The Fifth Discipline Fieldbook*, 18.

4. Chris Argyris, *Knowledge for Action: A Guide to Overcoming Barriers to Organizational Change* (San Francisco: Jossey-Bass, 1993), 3.

5. Argyris, *Knowledge for Action*, 2.

6. Senge, Kleiner, Roberts, Ross, and Smith, *The Fifth Discipline Fieldbook*, 17–47.

7. For a detailed description of how information was ignored and redefined in a way that led to the Challenger disaster, *see* Chun Wei Choo, *The Knowing Organization: How Organizations Use Information to Construct Meaning, Create Knowledge and Make Decisions* (London: Oxford University Press, 1998), chap. 5.

8. Argyris, *Knowledge for Action*, xi.

9. Arie de Geus, "The Living Company," *Harvard Business Review* 75 (March–April 1997): 51–59.

10. De Geus, "The Living Company," 54.

**Table 1**
Key Shifts in Becoming a Learning Organization

| From . . . | To . . . |
| --- | --- |
| Chief executive officer makes most critical decisions. | Critical decisions are shared, as is responsibility for implementing them. Eventually decisions are made at closest level possible to where work is done. |
| Policies and procedures are based on rules. | Policies and procedures are based on clearly articulated set of interests. |
| Focus is on complying with policies and procedures. | Focus is on operating consistently with shared values and beliefs. |
| Decisions are based on rules and past practice. | Decisions are based on shared values and valid information. |
| Staff make decisions based on limited data and assumptions. | Staff seek all valid, relevant information. Citizens and customers, as well as employees, become important sources of valid data. |
| Organizational focus is on stability and predictability. | Organizational focus is on responsiveness and effective change. |
| Learning is defined as training in new ideas or techniques. | Learning is defined as mastering and applying new ideas, questioning beliefs and assumptions, reflecting on how personal thoughts and actions contribute to achieving or not achieving intended results, and developing ability to redesign behavior to achieve intended consequences. |

management had ordered employees to come back to the shop as soon as they finished their work. Management did not want anyone to see behavior that he or she might interpret as city employees standing around on the job. Because employees often finished tasks before quitting time but without enough time to set up for another job, they came back to the shop to meet management's interests. The problem was not lazy employees but a management rule and an organizational structure that had created unintended consequences.

Laurinburg has not yet changed the policy about returning to the shop, but it has changed related ones. In situations like this, the solution is sometimes as simple as talking with employees about how they might use their late-afternoon shop time productively—cleaning and restocking trucks, for example. Solving the problem also may require restructuring teams so that they can help one another when they have completed their own assignments. Careful study of the system is necessary to avoid replacing old problems with new ones that are worse. A critical part of systems thinking is taking time to analyze how the system works before acting.

*Mental Models*

Just as systems thinking creates a new perspective on the organization, understanding mental models[7] creates a new perspective on individual and group behavior. "Mental models" are deeply held internal images of how the world works. They usually are below the holder's level of awareness and must be inferred from his or her behavior. People learn their mental models early in life, and the models shape their behavior. The models are in essence the underlying programs that guide human actions.

Unfortunately most people have two distinct sets of programs: espoused theories and theories in use. "Espoused theories" are how people *say* they will behave—for example, "I'll tell it like it is" or "I'll show respect for others." Yet in potentially embarrassing, risky, or threatening situations, most people actually behave inconsistently with their stated values and beliefs. Further, they are unaware of their inconsistency, even though others usually see the gap clearly. For example, people may say that they are honest with their co-workers, yet they often fail to raise issues in meetings. Then, at lunch with a trusted friend, they may share their doubts, frustrations, and lack of commitment to decisions reached in the meetings. Or an employee may discuss her concerns about a co-

worker's performance with everyone in her department except the one person who can fix it—the person engaging in the behavior. This set of programs that guides how people actually behave is their "theories in use."

For most people, espoused theories include values like sharing valid information with others and allowing them to make free and informed choices about their behavior. Yet the values embedded in theories in use more often involve avoiding negative feelings, trying to "win" rather than collaborate, achieving unilateral control over situations and people, and acting rationally rather than expressing feelings. These individual theories in use also become group and organizational routines, so engaging in behaviors like disagreeing with the boss or publicly admitting mistakes becomes difficult, if not impossible. Before the Laurinburg team members could have the kinds of discussions necessary to learn from their own behavior, they had to understand how mental models work, begin openly to help one another see their individual theories in use, and together learn how these theories blocked effective decisions.

*Ground Rules*

To redesign their behavior to be consistent with their espoused theory of mutual learning, the team needed a third discipline, acting consistently with ground rules. "Ground rules" are commitments that group members make to one another about how they will behave. The team already had been introduced to a set of sixteen ground rules developed by Roger Schwarz and published in his book *The Skilled Facilitator*.[8] Because these particular ground rules are designed as strategies for group effectiveness and are consistent with the core concepts of a learning organization, the team agreed to adopt them as its own.

Although the team used all sixteen ground rules, it found the following six to be most important to its development:[9]

- Test assumptions and inferences.
- Share all relevant information.
- Focus on interests, not on positions.
- Explain the reasons behind one's statements, questions and actions.
- Make statements, then invite questions and comments (which the team changed to "Balance advocacy with inquiry").
- Make decisions by consensus.

Consciously using many ground rules simultaneously was very difficult for team members because behaving consistently with the rules was new to a majority of them. The team developed a strategy of concentrating on two or three key ground rules at each meeting until members became skilled in using most of them. Although the team did not sustain this practice after the first year, conscious use of a few ground rules at a time did quickly increase the team's mastery and significantly improve group process.

*An Omission: Problem Solving*

We conducted training in systems thinking, mental models, and ground rules during the team's first five sessions. Later we realized that we had omitted a fourth important concept, problem solving. As a result, the team got stuck several times because it tried to jump to a solution before defining a problem or to make a decision without agreeing on what interests a good decision would meet. We recommend that groups add mastery of a basic problem-solving model as a basic learning organization skill.

## Agreeing on Roles and Expectations

During the initial sessions, Vandenberg and the department heads also outlined a process for our work together and reached important agreements with us. First, the team looked at how it defined itself and determined what changes it needed to make to start becoming a learning organization. This included analyzing who currently met with the team and who might be added, reflecting on the team's unstated norms and ground rules, and agreeing on team members' roles and expectations of one another. For example, the team pointed out that it did not meet regularly and had no clear designation. Sometimes it functioned as a decision-making group; other times it did not. It often had tried to reach consensus, but many times it had reached "false consensus." That is, members would agree to support a course of action without thinking through what support really meant. For some it meant working to implement the team's choice and asking employees to support the choice. For others it meant not "bad-mouthing" the choice. As the reality of support became clearer, decisions would unravel, and the manager would make a final decision. As a result, team members were publicly described as "Pete's boys."

Through defining the team and sharing roles and expectations, the team decided to invite the finance director to become a member, recognizing that he filled an important role in many organizational decisions. The team agreed to meet regularly between facilitated sessions. It developed a written statement of its purpose and membership criteria. Then we and team members agreed on how we would work together—for example, who might place items on the agenda, what the expectations were for completing readings and exercises between sessions, and how we would jointly manage all activities so that neither we nor the team would make unilateral decisions about what to do or how to do it.

A critical element at this stage was an agreement that the team would spend a large part of most sessions working on its actual tasks. During abstract training sessions, groups often do not have difficulty acting consistently with their values and agreements, but when they engage in the complex decisions required by everyday activities, they find it challenging to act consistently. At times we helped the Laurinburg team focus on learning concepts, but our interventions grew from the data of team members' day-to-day work with one another.

We also agreed to share with the team the written "process notes" (perceptions of how the team was doing, diagnoses of problems, thoughts about next steps, etc.) that we prepared after each visit. In other words, we agreed that we would not talk about the team or its members without sharing that discussion with them at some point. This practice was extremely important because it built trust between us and the team. It also encouraged team members to reflect on process issues that arose during their work on tasks. Our modeling (our open sharing of all relevant data), even at the risk of embarrassing individual members, helped the team advance the depth of its openness and its analysis of issues.

## Developing Shared Values and Beliefs

The next step for the management team was to reach consensus on a set of values and beliefs. In our view, developing shared values and beliefs is the cornerstone of becoming a learning organization. The values and the beliefs form both a template and a filter for all other decisions.

We have seen many organizations develop inspiring vision statements that then hang on the wall and never inform their decisions, policies, and procedures. The vision of a learning organization is to create an entity that operates consistently with its values and

## Exhibit 1

### Values and Beliefs for
### Laurinburg Management Team

The values and beliefs listed below were developed by the Laurinburg Management Team. They serve as our guiding principles for Managing the City of Laurinburg. They describe our future and will be the basis for decisions and actions taken by the management staff of the organization. These common values will make us more effective. They are the foundation for building a sense of team work, clarifying why things are done and promoting general understanding among employees and the public of what is important to us. We believe the following statements should serve as a guide for our actions.

**We value:**
- ❖ Honesty; our actions and communications are free of fraud and deception.
- ❖ Collaboration and teamwork.
- ❖ People's contributions to our organization and our community.
- ❖ Government; the things we do are important.
- ❖ People making informed choices, without threat.

**We believe:**
- ❖ All citizens have equal access to and delivery of the services for which they qualify.
- ❖ We are responsible stewards of the public trust, including money, property and the environment.
- ❖ The council/manager form of government increases the efficiency and effectiveness of the delivery of services.
- ❖ We relate to people in a helpful, courteous manner.
- ❖ We gather valid information and share all relevant information.
- ❖ People work better when they are committed to what they do.
- ❖ We employ people based on qualifications and abilities and employ the best possible people.
- ❖ Individuals are accountable and responsible for their actions.
- ❖ People are rewarded for their work based on its quality, quantity and complexity.
- ❖ We have a responsibility to assure that the City has competent employees and to provide opportunities for them to develop to the best of their ability.
- ❖ We improve service delivery through innovation and each of us is responsible for taking the risks associated with innovation.
- ❖ A sense of humor is an important part of our behavior.
- ❖ In taking individual's circumstances into consideration in our actions toward them.

beliefs. To us and to the Laurinburg management team, deeply held, shared values *are* the vision. They replace the lofty vision statements that most management groups develop. The team stated its values and beliefs (see Exhibit 1) the way vision statements are customarily presented—as if they already are true. They represent what the team wants the organization to become. We have found that explicit values and beliefs are much more useful guides for operating and policy decisions than a description of Utopia.

Embedded in the Laurinburg statement are three core values that form the basis of our approach to creating effective organizations: sharing valid, relevant information; making free and informed choices based on valid information; and, by making free and informed choices, generating internal commitment to each choice from those who must implement and support it.[10]

"Sharing valid information" means sharing information in a way that others understand it and can determine for themselves whether it is true. This means, for example, saying where information comes from, indicating how many people have raised a particular concern, and using clearly defined language. Instead of saying, "Some employees are opposed to this policy," a person sharing valid information would give specifics, saying, for example, "I have spoken with Bob, Tim, and Alice in the Public Works Department. Each is concerned that if we implement this policy, citizens will complain about garbage cans rattling in their backyards before 6:00 A.M." "Sharing relevant information" means providing data that support one's position and data that do not. For us, information is not valid until all known information pertinent to the topic under discussion is conveyed. Sharing valid information also requires continuing to seek new information that may either confirm or change a decision.

"Informed" choices are those that people make once they have valid, relevant information. "Free" choices are those that they make without threat, force, or manipulation. After extensive discussion the team agreed that, in a political context, choices are not always free but they can be fully informed. People can decide for themselves if a particular choice will accomplish their objectives. They can do this only when all known relevant information, all consequences, and all restrictions are clear.

People are "internally committed" to a choice when they are willing to take responsibility for it, accept its consequences, and struggle for its success whether or not they are externally rewarded or acknowledged.

Internal commitment does not occur when decisions are imposed rather than chosen.

Developing an understanding of and a commitment to these core values was critical to the Laurinburg management team's development. The team agreed that it would commit itself only to values on which it had consensus. Deciding whether they could fully support a value required team members to practice sharing valid, relevant information. And to do that, team members had to practice their ground rules. It became important, for example, for members to agree on the meaning of "honesty" (a value) and to examine assumptions about why "the council/manager form of government increases . . . effectiveness" (a belief). Each member explored with the team his beliefs, understandings, and concerns, many of which were untested assumptions about what is important to people. Members learned to share their interests— why they thought a value or a belief was important— rather than fighting about whether to include or omit an item. Trying to behave consistently with the three core values and to build other organizational values around that core taught team members how to explain their own reasoning more clearly. At the same time, they learned to open their views genuinely to others' questioning. The very process of developing a set of values and beliefs based on consensus did much to help team members understand one another and engage in dialogue rather than debate.

## Organizational Improvements

It still is too soon to tell how becoming a learning organization will affect Laurinburg's productivity. The city is just beginning to figure out how to identify and measure improvement. Yet we and the management team already see significant progress. Team members have grown personally and improved how they relate to one another and make decisions. Each member accepts greater responsibility for the organization as a whole. The team has revised several key policies and procedures to be consistent with its values and beliefs. Department heads individually and the team as a whole share more information with others in the organization and with the council, citizens, and the press.

### Developing the Management Team

As noted, the management team reached a critical early decision to make all major decisions affecting the organization by consensus. This essentially changed the level of authority and the responsibility of each member. There was no fallback, such as the city manager making the decisions alone. The only decisions that could go forward were those that each member fully supported.

Equally important, members agreed not to "hold the team hostage" by arbitrarily blocking consensus. If one member had unanswered questions, the team might reach consensus to proceed to the next step and then recheck commitment at various stages of implementation as more relevant data became available.

The move to decision making by consensus was important for three reasons: (1) it is consistent with the values of informed choice and internal commitment, (2) it makes all team members jointly accountable and jointly responsible for decisions, and (3) it assumes that each team member brings a unique blend of knowledge, experience, and interests important to management of the city. Opting for consensus significantly shifts the power base in an organization. A group makes the decisions, not the manager. Like any other member, the manager can block consensus, but decisions no longer come from him or her alone.

In Laurinburg each department head now has a significant influence on all policy decisions. This means that department heads can no longer blame the manager for poor or unpopular decisions. We expect that, as the team becomes more skilled and as more employees are trained in this approach, the team will make fewer decisions about how work is done in the work units. The organizational redesign will create flexible policies allowing units to design their work so that they best meet the interests of their stakeholders.

This shift in responsibility has not been easy. Seeking consensus, particularly on issues as personal as values and beliefs, is time-consuming. The team began developing its statement of values and beliefs on June 12, 1996. It did not complete the statement until September 11, 1996. In the interval the team spent most of five days engaged in the dialogue necessary to reach consensus, and it devoted portions of two more days to clarifying and revising the final version. Admittedly this took more time than it would now because team members were learning to use the core values and ground rules as they discussed the substantive issues. Even so, reaching agreement was arduous. Team members are quick to acknowledge that setting aside time for discussions is essential to creating dialogue rather than argument. But when asked if they have

**Contrasting chair arrangements in Laurinburg's Council Chambers reflect the influence of the learning organization project. Before: chairs in rows, all facing manager's podium; after: chairs in circles, signaling the prospect of interaction among all participants.**

any reservations about the process to date, most say that their primary concern is the time it has taken and will continue to take.

The team also has struggled with a tendency to defer to Vandenberg and a reluctance to challenge his reasoning. Members have made significant progress in sharing the leadership role fully, but as persons who prefer introversion, they have learned to volunteer their reasons and share their feelings only with great effort. A key to the team's success has been Vandenberg's leadership. He constantly opens his own ideas to questioning by the team and invites members to examine how actions might be inconsistent with their values and beliefs.

## Learning from Failures

In many ways the management team may have learned more from trying to behave differently and falling short than from succeeding easily. Keys to becoming a learning organization are taking risks, experimenting, and learning from subsequent reflection on how each person's thoughts and behaviors contributed to success or failure.

### Correcting a False Start

When the team completed its values and beliefs statement, for example, it decided that was the time to tell employees what it was doing, relate what a learning organization might look like, share the values and beliefs statement, and invite employees to let de-

partment heads know when they fell short of embodying the values and beliefs.

Typically, management communicated information to employees in large-group meetings held in Council Chambers, a rather formal environment that focused attention on the person up front. At most meetings Vandenberg would do all the talking. When he invited questions, only one or two employees would speak up. Then everyone would leave. The managers did not know what the employees had understood, and the employees did not know if they had heard the message clearly. Neither group asked the other. Both operated on the assumption that they knew what the other wanted. They would continue behaving in this manner until mistakes or problems escalated, then they would hold another meeting.

The management team decided that the best way to signal the fundamental change under way was to schedule a series of small-group meetings around the city and to rearrange the seating. The team would ask employees to pick up a chair as they arrived and to sit in a circle wherever they liked. The team members intended to sit among the employees, talk about the learning organization, and invite questions. The team invited us to attend the first session.

We were surprised when we arrived. As usual, the meeting was scheduled in Council Chambers. All the chairs were facing the front in rows. Vandenberg walked briskly to the head of the group and began a thirty-minute presentation. No one stopped him or asked any questions. As he concluded, a couple of the

management team members (who were sitting among the group) added comments. Finally, two brave employees asked brief questions. Then, after an uncomfortable silence, everyone left the room.

Afterward we met with the team. We said that we had some concerns about what had just happened, and we asked members how they felt about this first effort to communicate with the rest of the organization. They replied with comments like "Well, it was okay," "It went about like we predicted," and "That's just how our employees are. They aren't going to ask any questions. We did a good job of telling them about what we are doing anyway." Then we asked why team members had changed the design. They revealed that, on the day before the presentation, they had decided the new approach was too risky: employees might think it silly, and they would be embarrassed. They also thought that employees probably would not participate anyway, so they should do what they were accustomed to doing.

Suddenly team members had a critical insight. By doing what they always had done, they got the same consequences they always had gotten. By proceeding on their untested assumptions about employees' habitual behaviors, they got the opposite of what they intended. This was not because the employees could not or would not change but because team members had tried to protect themselves from threat or embarrassment. They saw the gap between their espoused theory and their theory in use. Just being up front in Council Chambers, Vandenberg said, led him to talk and not ask questions, even though he had stated repeatedly that he wanted employee participation. Other team members did not stop Vandenberg and ask for questions because, in the past, interrupting or questioning the manager in front of a group was not appropriate. Preserving the notion that the manager was right was more important than creating valid information for everyone present.

From that point forward, team members have been better able to learn from gaps between their values and their actions and to redesign their actions. They still have difficulty doing this without our help. One of our observations is that catching your inconsistencies *before you act* is extremely difficult. What team members can do now, however, is stop when we prompt them, figure out how they are being inconsistent, and either redesign their conversation or change a policy or a decision to make it consistent with their values and beliefs.

Team members also openly admit when they make a poor decision or need to change a decision, and they involve employees in the discussion. They redesigned all subsequent discussions with employees about the learning organization, holding them along the lines of the original plan. The result was more open discussion, employees and department heads alike asking questions and sharing concerns. Team members also let the first group of employees know that they thought they had not been effective in that session, and they invited those participants to attend another session. This approach has great potential for changing the level of openness and trust in an organization.

*Countering Unintended Consequences*

Yet the team still struggles with how it relates to the rest of the organization. One of the important lessons of the experience is to think about and plan carefully how to communicate with employees. Team members deemed it important to focus on their own learning and development before foisting another change process on the rest of the organization. In doing so, they unwittingly decreased their opportunities to share relevant information with the very people who they hope will ultimately share in the process.

As team members became clear about their shared values and started to work with one another at new and deeper levels, they began to spend more time together. After some employees began to complain about the time the team spent "behind closed doors," the department heads realized that they were making up some of the time spent in team meetings by devoting proportionately less time to the people reporting directly to them. This reduced the chance that employees would share problems and concerns with the management team and, in the long run, meant that the team would not have valid information on which to base decisions. Clearly, less communication with the rest of the organization created exactly the opposite of what the team intended and could defeat the whole effort.

The team backed up and thought about how to work more effectively with others while continuing its own development. It now holds meetings at different locations around the city so that more employees have an opportunity to see it meeting and get a sense of what is going on. Team members have held in-depth discussions about how they can model their values and beliefs in working with those who report to them. On occasion they have helped one another design future conversations with employees or critiqued the consistency of one another's efforts. The team has

### Water and Sewer Extension Policy

On June 17, 1997, Laurinburg City Council adopted the ordinance below (Ordinance No. O-1997-18).

**Section 1:** Article XX, Amendments, Appendix L, Water and Sewer Extension Policy, of the Laurinburg Unified Development Ordinance, is here amended by deleting the Appendix in its entirety and replacing it with the following:

#### Appendix L
#### Water-Sewer Extension Policy

Laurinburg will extend water-sewer service within the City when funds are available (from the city or other sources, and costs are reasonable, and when they:

> Improve the water or sewer system or enhance future annexations, or stimulate economic development, or establish or protect territory, or have substantial benefit to citizens inside and outside the city.

> The determination of whether or not costs of extending water-sewer service are "reasonable" is in the sole discretion of the city manager, subject to appeal to the city council, which determination shall be final.

**Section 2:** This ordinance shall be in full force on and after the 1st day of July, 1997.

**Guiding Statement**
The city may provide water and sewer service to meet the interests of public health and safety, to stimulate economic development, to generate revenues or to respond to citizen requests. We have an obligation to extend these services when citizens want them or to maintain the system. To be responsible stewards, we will consider project feasibility criteria for each extension.

Project feasibility criteria would include the following:
(This list not intended to be absolute)

**Cost:** is money available, number of customers served as related to cost, variance from average costs, immediate or potential revenue, benefit to the community as related to costs such as jobs or tax base provided, are funds available from other sources (the developer, requesting party, grants, etc.)

**Public health & safety:** fire protection, water quality, area has contaminated wells, area has failing septic system.

**Engineering:** is the extension a system requirement or need? is the request feasible?

**To encourage development:** will the extension encourage quality development inside the city, will the development be annexed or make future annexation easier

**Alternative solutions:** are there alternative solutions, such as septic tank maintenance service, etc.

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discussed ways to let employees know that its meetings are open to observers. It has yet to act on these ideas, however. When it needs particular expertise or firsthand information on a topic, it asks employees to attend, but to date, employees have not participated unless invited. Designing how to share the learning organization process with the whole organization is an important next step that will require overcoming the resistance inadvertently created.

## Creating New Policies and Procedures

Among the most successful results of Laurinburg's efforts to date are new policies and procedures designed to be consistent with the team's values and beliefs. The revised policies communicate clearly to employees, citizens, and other stakeholders how the organization differs from a traditional bureaucracy. Crafted with long-term systemic effects in mind, they answer the questions "What are the organization's interests in this area?" and "What are we jointly trying to accomplish?" Instead of setting forth a list of specific rules, the new policies and procedures provide guiding principles to support thoughtful responses to a wide variety of ever-changing situations.

*Water and Sewer Extension Policy*

The city's new Water and Sewer Extension Policy (Exhibit 2) illustrates this difference. City staff and private developers agreed that the existing policy was lengthy and unwieldy. Decisions required many steps and often seemed arbitrary. One citizen or developer might be denied a relatively short extension, whereas another might be granted a lengthy extension for only one or a few lots. The old evaluation criteria included very specific provisions—for example:

> Each phase of a residential subdivision must contain at least 25 buildable lots. If the development is to be done in phases preliminary plans for the total subdivision must be submitted. However, each phase will be considered separately for funding. If a subdivision is being constructed in phases, the developer may not make an additional application until after certificates of occupancy have been issued for at least 50% of the lots in the current phase.[11]

The provisions were time-consuming to administer and, although important, sometimes did not make sense for a particular project or situation. On the other hand, the written policy did not address a num-

ber of situations at all. These were handled verbally and also inconsistently.

Consistent with its new approach of considering interests and its published belief "in taking individual's circumstances into consideration in our actions toward them," the management team thought about why the city might or might not want to extend service. This resulted in a list of interests the city tries to meet. The new policy, with its Guiding Statement, reflects these interests.

During policy development, team members expressed concern that the new approach would frustrate developers and citizens. Saying yes or no right away would not be as easy. The team agreed, however, that stating the city's intent to extend service whenever possible, along with all the issues to be considered in each situation, was more truthful and more consistent with providing "all citizens [with] equal access to and delivery of the services for which they qualify" than the old system was.

Clearly the new policy makes the staff and the council better stewards of available resources by allowing them to develop agreements that consider long-term plans for the system and situation-specific conditions and resources. The new policy also is shorter and easier to understand.

The management team completed its draft of the new policy on December 3, 1996. The next step was to recommend the policy's adoption by the city council. First, however, the team wanted to educate the council about the process underlying the recommendation. Proposing a policy change without explaining the reasoning behind it and without sharing all valid, relevant information would be inconsistent with the team's new values.

So during the Laurinburg council's January 1997 retreat, the city manager and the two of us discussed the learning organization concept with the members and responded to their questions and concerns. The exchange included how the effort might affect the council and how council members might effectively support it. At the conclusion of the discussion, then-mayor William Purcell and each council member indicated their support for the coming year. They agreed to do the following:

- Provide support for training and development of staff
- Keep leadership informed of concerns or complaints they heard and treat complaints as valid, relevant information that might result from in-

complete understandings or might indicate a need for the city to change its way of doing things
- Clearly express their concerns about the process and engage in productive discussion regarding those concerns

In reflecting on the process used to develop the new Water and Sewer Extension Policy, the management team realized that it had begun to create a new template for policy formation for the city. At the same time, it recognized that its approach was not yet wholly consistent with its aims. A more consistent approach would build commitment to a new policy through participation by those who would implement and be affected by the policy (for example, citizens and employees).

### Employee Orientation

Next, the team attempted to apply its learning about involvement to employee orientation. Supervisors had complained that orientation for new employees was not offered regularly, and they had suggested that they take over orientation rather than wait for the Human Resources and Safety Department to act. The management team recognized that the department heads also had interests in orientation. To have one group or the other take over would not necessarily meet everyone's interests.

The team decided to ask employees to form a group that would redesign orientation. Employees responded that they did not understand why they should be involved. They cared little about what orientation included, just that it took place. The management team then realized that it was imposing involvement on employees. Orientation had no direct effect on how employees did their jobs. Department heads, not employees, had strongly vested interests in the content and the process of orientation. Employees were an important source of information and should be involved at the level of suggesting and reviewing content, not at the level of taking responsibility for the task. The team subsequently took responsibility for redesigning orientation with input from employees.

From this experience we and the team learned an important lesson about empowerment and commitment: Management should not ask employees to participate in decisions in which they have no vested interests or about which they have no relevant information. Nor should management expect employees to take responsibility for tasks they will not implement.

### Work Hours Policy

#### Work Hours Policy at Time of Request

Department Heads shall establish work schedules, with the approval of the City Manager, which meet the operational needs of the department in the most cost effective manner possible. (City of Laurinburg Personnel Policies, Article V, Section 1—Work Schedule)

#### Revised Work Hours Policy
#### (adopted January 23, 1998)

The detailed policy developed by the Management Team (consistent with the general policy of City Council) requires that changes in scheduled work hours meet the following interests:

1. A majority of the employees within the work group need to accept work hours;
2. Work hours should allow citizens to have reasonable access to public services;
3. Service to our citizens should be provided at times that least inconvenience the citizen;
4. Work hours should maintain or increase productivity;
5. The interests of employees should be considered;
6. Work hours should not have a negative impact on:
   (a). Work groups;
   (b). Functional area. This interest deals with situations where a scheduling change for one employee might affect the work of another employee who works for a different supervisor. For example, if Dorothy Eaton and Jack Di Sarno have a simple conversation, and decide that Dorothy will now finish her work day at 4:00 p.m. rather than 5:00 p.m., this will have an affect on Ricky Davis, the Cemetery Supervisor, because Dorothy, who works in the same suite of offices as Ricky, handles most of Ricky's telephone calls;
   (c). Other departments or work crews. Once again, if an employee or group of workers in one department change their schedules it could disrupt the work of co-workers in other department. For example, if the engineering office changes his schedule to 4–10 hour days per week it will limit the access Stacey McQuage has to information about the location of underground utilities;
7. Work schedules shall be consistent with the values and beliefs of the Management Team;
8. Work hours should maintain or improve the level of service to citizens;
9. Scheduling should maintain or improve overall cost effectiveness.

Employees say such requests are "frustrating" and lead to compliance rather than genuine commitment. Determining when and how to involve employees is critical.

*Work Hours Policy*

Another shift in how the organization works occurred when the management team decided to address a question about work hours. The shift was significant in two ways. First, the issue was not brought to the team by the department head most directly affected. Employees in the Public Works Department wanted more flexible working hours during the summer months. They mentioned this informally to the treatment plants director. Recognizing that this important concern might be shared by or affect other departments, the treatment plants director brought the employees' wishes to the team. There was no attempt to bypass the director of public works; he was fully involved in the discussion and the ensuing decision. Employees simply had not thought to make a formal request of him, and the treatment plants director, with his new understanding of and sense of responsibility for the organization as a system, saw it as appropriate to raise the issue himself.

Second, the team recognized that its role now was not to approve or disapprove work hours but to guide the setting of hours to meet the city's interests. Rather than change existing personnel policies, it added a statement of organizational interests (see Exhibit 3) to guide each department head in helping employees reach agreement about their work hours.

The statement makes clear that work groups have flexibility in setting their work hours. They must consider the interests of employees, others in the organization, citizens, and the management team. The management team will discuss changes, not to approve or deny them but to provide information about whether and how they will affect other work areas and to be certain all interests are met. Policies like this one move an organization away from focusing on rules to focusing on what the organization is trying to accomplish.

## Changing Management Procedures

The management team also has changed some of its own procedures.

*Hiring*

When the city's finance director accepted another job, the team decided to approach hiring differently.

Its aim was a process that would generate as much valid information as possible and enable the team to make an informed choice that each department head and the manager could support. The team assumed that its members could gather better information working together than any individual could working alone. Full support from all team members was important because of the increased level of involvement of each member in key decisions. The emphasis on creating an organization consistent with the team's values and beliefs also made it as important to judge applicants on their potential fit with those standards as on their ability to meet the job's technical requirements.

Working with us, the team designed a process that matched selection criteria both to job demands and to its values and beliefs. The team then developed interview questions carefully designed to elicit information relevant to the selection criteria. To conduct the interviews, team members divided into two panels, each one asking questions about a different set of selection criteria. They trusted each other to gather and share valid data.

Team members reached consensus at each stage of the hiring process: the steps to follow, the selection criteria to use, each member's level of involvement, the questions to ask, and the person to hire. For the first time, the management team, not an individual, decided on a new department head. This level of support has greatly improved the integration of the new department head into the management team and the organization.

Employees also were involved in hiring the new finance director. Applying lessons learned from redesigning orientation, the management team asked employees in the finance department and others who would work closely with the new director how they would like to be involved. Employees chose not to participate in interviews but readily gave information helpful to determining the knowledge and the skills required for the job.

The team spent some time capturing lessons learned in hiring the finance director, revised the process, then used it again to hire a new human resources and safety director. This is the kind of organizational learning fostered by the Laurinburg process.

*Budgeting*

The team also redesigned the city's budget process. In the past Vandenberg met individually with department heads to review their budget proposals and agree on changes. For the 1997 budget, the team discussed the entire document, council objectives, and ways that department budgets might be mutually supportive in meeting goals. This was consistent with the team's new understanding of the organization as an integrated system.

For the 1998 budget, the team built on its learning from the 1997 experience. Recognizing that each department head had the most valid data for the council about his or her specific area, the team again created a joint budget but also had each department head present information to the council and respond to questions. The result is a budget that is better understood by the council, the department heads, and the manager. It enables each department to support overall organizational goals.

Other organizations have adopted similar processes. The difference in Laurinburg is that management team members communicate in ways that truly create valid information. They are genuinely able to set aside most of the status, ego, and territorial concerns that commonly influence budget decisions.

## Future Issues

Laurinburg still faces complex issues in determining whether and how it can become a learning organization. The two of us face issues not only in helping Laurinburg but in determining how to work with other local governments. Following are some critical areas to be addressed:

1. Expanding the process to the rest of Laurinburg's employees will be a challenge in both time and money. Like many small towns, Laurinburg has limited resources. Having a fairly small management team was an advantage in the early stages because it sped learning and hastened consensus, but it will be a disadvantage in the later stages. Key to involving others in the journey toward a learning organization is for department heads to model the basic concepts in their own areas and teach those concepts to others. Yet they also must continue their own learning, track the effectiveness of the process, and attend to daily operations. In coming months the team will try to balance these difficult trade-offs.

2. An important part of expanding the process is increasingly to involve nonmanagement staff in decision making. Doing this requires developing in-house expertise and gradually transferring responsibility and authority beyond the management team.

3. Developing expertise and transferring authority require training for all employees in new ways of thinking. The current language of systems thinking and mental models is not easy to understand. We must develop cases, examples, and terminology that make the concepts easier to grasp.

4. To embody its core values, Laurinburg ultimately will have to redesign its fundamental personnel policies. In a local government environment in which personnel policies emphasize control and regulation, creating a sense of personal accountability and ownership of the organization's mission, goals, and values is nearly impossible. This redesign will be time-consuming and probably difficult.

5. A potential clash also exists with the larger environment in which local governments function. The kind of organization Laurinburg is creating may be at odds with the traditional legal and regulatory framework of cities. For example, policies that encourage employees to take responsibility for their own safety practices may risk employees not following federal safety regulations and the city incurring a large fine. Failing to protect the city against a fine would be inconsistent with being responsible stewards of the public trust. Such tensions probably cannot be resolved in the near term. Thus this organization and others will face dilemmas that require much work with a broad network of professionals and the ability to tolerate fairly high levels of ambiguity.

## Lessons Learned

The Laurinburg experience already offers numerous lessons about creating more responsive local governments:

1. Deep, fundamental learning cannot be separated from getting work done. Rich insights occur when training is integrated with doing and reflecting on what happened. This is true both for learning within a group, such as managers testing one another's assumptions and inferences, and for learning within an organization, such as managers and employees together evaluating the effectiveness of each other's actions.

2. Failed attempts may produce more learning than instant successes do. Creating an atmosphere of risk-taking and experimentation is critical. In organizations constantly open to public scrutiny, this can pose a dilemma if the culture does not appreciate or support the experimental nature of the learning process.

3. Values and beliefs supersede vision. Generating a specific vision does not clearly inform daily decisions or guide employees in deciding for themselves. Instead, a commitment to live by a specific set of values accomplishes these goals.

4. Learning cannot be imposed on anyone. A management team can develop values and beliefs only for itself, not for the larger organization. At best, imposition creates compliance. It may generate active resistance.

5. Simply involving employees in decisions does not achieve empowerment and commitment. Involvement has multiple levels, ranging from providing information to taking full responsibility for a task. Commitment comes from matching the level of involvement to the level of interest and responsibility in each decision.

6. Consensus decision making is at the heart of building commitment and establishing joint accountability. Working toward consensus generates valid information; with valid information, people understand their part in implementing decisions and making an organization effective. Consensus transfers a sense of responsibility to those involved; they become willing to be accountable for actions.

7. To support fundamental change, members of an organization must master four major areas: thinking systemically, seeing mental models, behaving consistently with core values and ground rules, and using a shared problem-solving model.

8. Learning for transformation seems to follow a predictable set of stages:
   a. Members of the organization who are directly involved in the facilitated change—in Laurinburg, the leadership group—become more effective in sharing relevant information and validating the information they share.
   b. Members of the leadership group question their assumptions about what they do and recognize the difference between operating on assumptions and operating on valid information.
   c. The leadership group recognizes that it has very limited data to answer many questions that arise when it operates on valid information. It no longer withholds information from important stakeholders such as the council, citizens, and the press. Rather, it begins to appreciate the nature of the partnership it must establish with these groups to become more effective and to make the changes it deems necessary.

d. The leadership group sees how its policies, rules, and structures impede effective service to citizens, particularly when they reflect a need for control, not client and organizational interests. In the process the leadership group realizes that its actions often create the very problems it is trying to avoid.

e. Finally, the leadership group initiates redesign of organizational policies, rules, and structures to be consistent with its core values and beliefs.

9. The process requires outside facilitators who commit themselves to work with the organization over a long period, probably three to five years. For a group to learn to reflect on its own behavior while it engages in that behavior is difficult. Facilitators who have no investment in the outcome can call the group's attention to its behavior at critical junctures.

10. It is time-consuming to create lasting change. Developing a learning organization takes years of hard work and requires a significant commitment of time and energy from key people in the organization. This creates a dilemma in local governments, where the tenure of managers averages 5.9 years.[12] On the other hand, most change strategies based on learning new techniques and then rapidly implementing them are at best successful only in the short run. It is increasingly important to help governments understand the implications and the probable outcomes of the choices they make for change.

## Conclusions

We believe that Laurinburg's experience will be useful to other organizations. A number can profit from the lessons about training, focusing on values, and involving employees. Realizing the full value of the Laurinburg process, however, requires a long-term commitment to organization development. Finding resources to help other organizations do this work presents a challenge. As yet, few people are trained in the key concepts, and even fewer have experience facilitating an organization through this process. Becoming a learning organization is long-term, experimental, and very expensive for the average city or county.

We hope that others will join us in thinking about how to help organizations try a process such as that undertaken by Laurinburg. We believe that this work will succeed when local governments build a learning community across the state whose members can share

resources. That is a significant challenge. It also is a compelling vision for strengthening all of North Carolina's communities to face the demands of the coming decades.

## Notes

1. Peter Block, *The Empowered Manager: Positical Skills at Work* (San Francisco: Jossey-Bass, 1987; reprint, 1991), xv (page citation is to reprint edition).

2. Chris Argyris, "Empowerment: The Emperor's New Clothes," *Harvard Business Review* 76 (May–June 1998): 104.

3. The Wake County Library is engaged in a similar process. For more information, contact Richard McMahon, Wake County Library Director Tom Moore, or cofacilitator Becky Veazey of the MAPS Group, Cary, N.C.

4. Sanford, a former Institute of Government faculty member (1941–42, 1947–48), served as state senator (1953–55), governor (1961–65), and U.S. senator (1987–93). Gill served as state treasurer (1953–76) and chair of the Local Government Commission (dates not available).

5. We thank Robert Putnam of Action Design Associates for the use of the terms "unilateral control model" and "mutual learning model" [from *Organizational Learning in Action: A Workshop Presented by Action Design* (Newton, Mass.: Action Design, 1995)]. They provide an accessible description of Chris Argyris's Model I and Model II theories of action. *See, for example,* Chris Argyris and Donald Schon, *Organizational Learning II*: *Theory, Method and Practice* (Reading, Mass.: Addison-Wesley, 1996).

6. Draper L. Kauffman, Jr., *Systems One: An Introduction to Systems Thinking* (Minneapolis: S. A. Carlton, 1980), 1.

7. For an introduction to mental models, *see* Chris Argyris, "Good Communication That Blocks Learning," *Harvard Business Review* 72 (July–August 1994): 79–81; and Peter M. Senge, *The Fifth Discipline*: *The Art and Practice of the Learning Organization* (New York: Doubleday, 1990), 174–204. More in-depth discussion of this topic appears in Argyris and Schon's *Organizational Learning II* and *Theory in Practice*: *Increasing Professional Effectiveness* (San Francisco: Jossey-Bass, 1974).

8. Roger Schwarz, *The Skilled Facilitator* (San Francisco: Jossey-Bass, 1994).

9. Roger Schwarz, *Ground Rules for Effective Groups*, *Revised* (Chapel Hill, N.C.: Institute of Government, The University of North Carolina at Chapel Hill, 1995).

10. For a more complete discussion of these core values, *see* Schwarz, *The Skilled Facilitator*, and the work of Argyris and Schon, particularly *Theory in Practice*.

11. City of Laurinburg Unified Development Ordinance, art. XX, amends., app. L, Water and Sewer Extension Policy (1997).

12. This is the national mean number of years in current position, from the International City/County Management Association's 1996 "State of the Profession" survey. North Carolina's average was 6.7 years. We thank Sebia Clark, ICMA research assistant, for providing the data.