Strengthening Business Innovation and Collaborative Intelligence

An Introduction to the Constructive Developmental Framework
as a Theory of Frame of Reference

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Table of Contents

- Part I, Foundations of Innovation in Organizations
  - Accountability Hierarchy
  - Capability Hierarchy
  - Matching both Hierarchies using Critical Systems Thinking
- Part IIa, A New Approach to "Thinking Things Through"
- Part IIb, What is the Mind Set Your Thinking is Based on?
- Part III, Exercises for Individuals
- Part IV, Exercises for Teams

Purpose and Objectives

- Middle- and upper-level managers try very hard to better understand their own organization, its accountability structure, and the talent management, performance management, change management, and leadership development issues that naturally arise in complex organizations.

- It is the objective of the course to explore the link between two organizational hierarchies, namely, a company's accountability hierarchy and its capability hierarchy, in the sense of "requisite organization".

- From the CDF point of view, this is a structural issue having to do with aligning two types of process: task processes and interpersonal processes.

- In focus is the question of how these two types of processes can be flawlessly matched and updated over time as a function of market challenges, especially under the impact of disruptive technologies.

- Some of the main outcomes of attending this course are:
  - Being able to improve your businesses' accountability structure
  - Reforming your businesses' human-capability structure
  - Acquiring a beginning ability of thinking holistically and systemically
  - Improving your ability to create collaborative intelligence in teams

Focus

- CDF is a theory of the "frame of reference" or mind set that underlies people's *thinking* and *relating to others*.
- The notion is that a person's and team's mindset determines what they pay attention to and consider to be of importance, filtering out everything else.
- **People actively help their present mindset to become "true", which leads to different individual truths often difficult to reconcile and spur into action.**
- Needless to say, people's mind set also determines the quality of the work they deliver.
- Therefore, it is not understanding people's behavior or even "thinking" that matters, but rather understanding the mind set from which their behavior and thinking derives.
- There is no better tool for doing so than CDF.

Procedure

- In this course, we think like architects do in building a "requisite house" that comprises all that is naturally required for delivering work.

- After building the house based on floors called "strata", we introduce a new concept of human capital that avoids the risk of misjudging and misplacing the people supposed to make living in the house effective.

- To do this, we use CDF as a theory of people's mindset (frame of reference) when relating to others and the real world.

- Ordinarily we are too fixated on contents ("what") rather than the structure of our thinking ("how"), and that keeps us firmly in the cave we are sitting in.

- Therefore, an essential ingredient of benefitting from this workshop is a willingness to explore one's own mind set which is the "cave" everybody is sitting in.
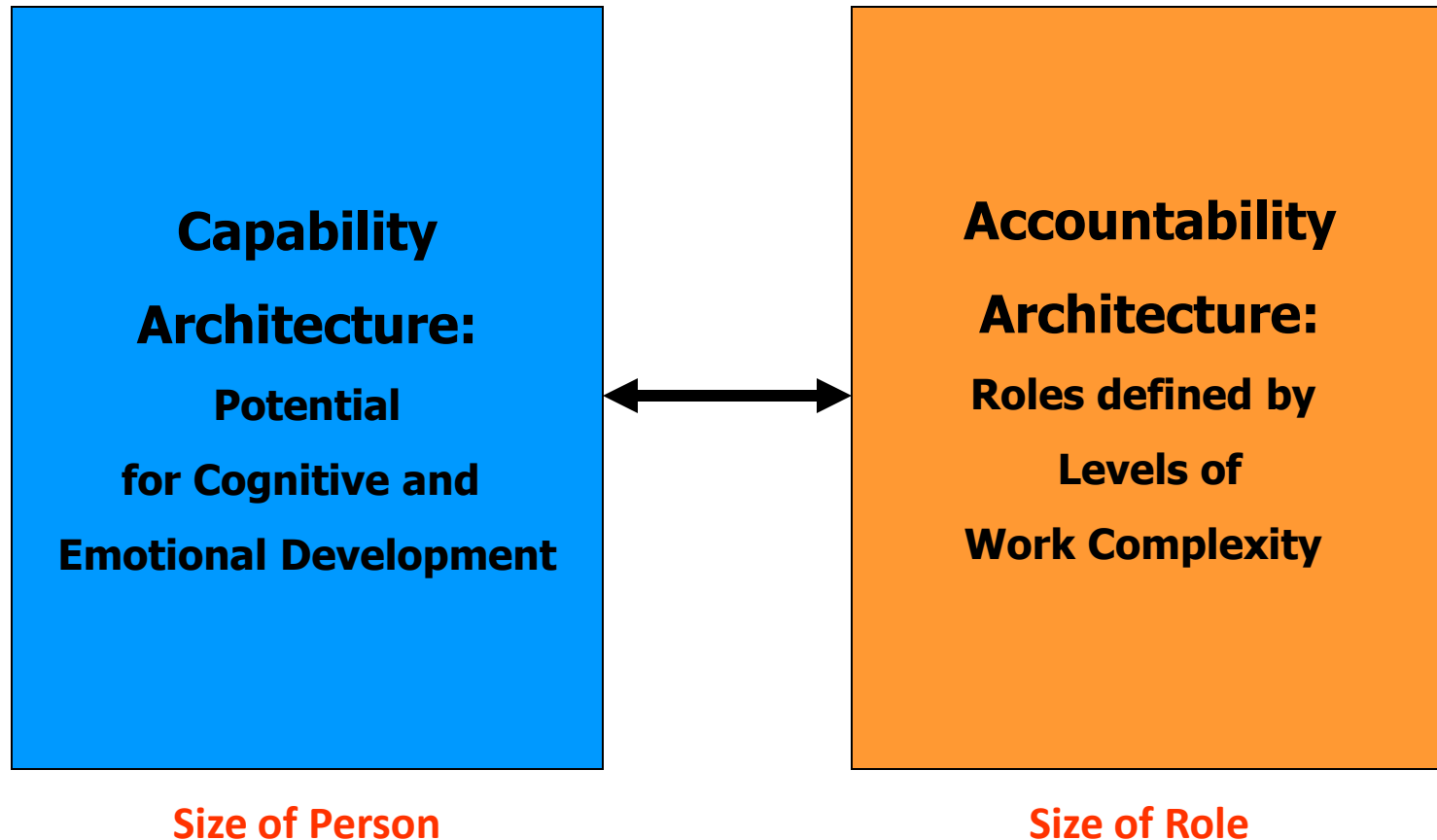
Part I

Arriving at a New Business Model Through CDF

- Businesses fail when the model they are based on does not match the complexity and degree of transformation of their environment.
- Formulating and follow through an effective business model requires holistic and systemic thinking, not least about the relationship between technological, cultural, and human resources.
- What matters most regarding human resources is the creation of collaborative intelligence at all levels of team work.
- **CDF puts in place a empirically based and theoretically validated decision science for organizational and institutional human resources that is practical to apply and teachable.**
- CDF follows E. Jaques and J. De Visch in focusing on "work levels" (or accountability levels) and the associated notion of role design and role complexity to enable innovation based on collaborative intelligence.
- As a theory of frame of reference or mind set, CDF also delivers practical tools for creating collaborative intelligence, not only in teams but entire organizations.

How to Begin

- A business is a complex, hierarchical or heterarchical organism composed of roles of a particular size inhabited by persons of a particular developmental size or maturity.

- The match between "size of role" – in the hierarchy – and "size of person" is crucial to the success of the business.

- Both hierarchies are inseparable and share many intrinsic connections: judging a contributor's capability is an outflow of a company's present strategy and accountability structure, and thus a crucial ingredient of organizational functioning.

- Disruptive technologies now threaten all companies, but developing strategies dealing with them will not do. To improve strategy, we need to pay attention as well to the size of person in the organization's hierarchy of work levels and roles.

- This is shown below.

Requisitely Organized Companies
Match Two Architectures

Capability

Architecture:

Potential

for Cognitive and

Emotional Development

Accountability

Architecture:

Roles defined by

Levels of

Work Complexity

Size of Person

Size of Role

Size of Role

- "Size of Person" refers to the level of social-emotional and cognitive maturity of a person in a particular role.

- "Size of Role" refers to a person's level of accountability in a role, but also to the person's universe of discourse that is associated with his/her role.

- We also refer to Size of Role as Stratum.

- Organizations are not flat but, even if they are based on the notion of contributors as each others' peers, function based on there being different levels of responsibility and their associated "ways of speaking and thinking".

- We can speak of different universes of discourse.

- Each organizational role level can be developmentally and cognitively clearly defined, and relationships between role levels can therefore be discussed in precise terms.

- Assuming 8 levels for example: what happens if the manager on stratum IV is thinking in terms of stratum III due to his/her Size of Person?
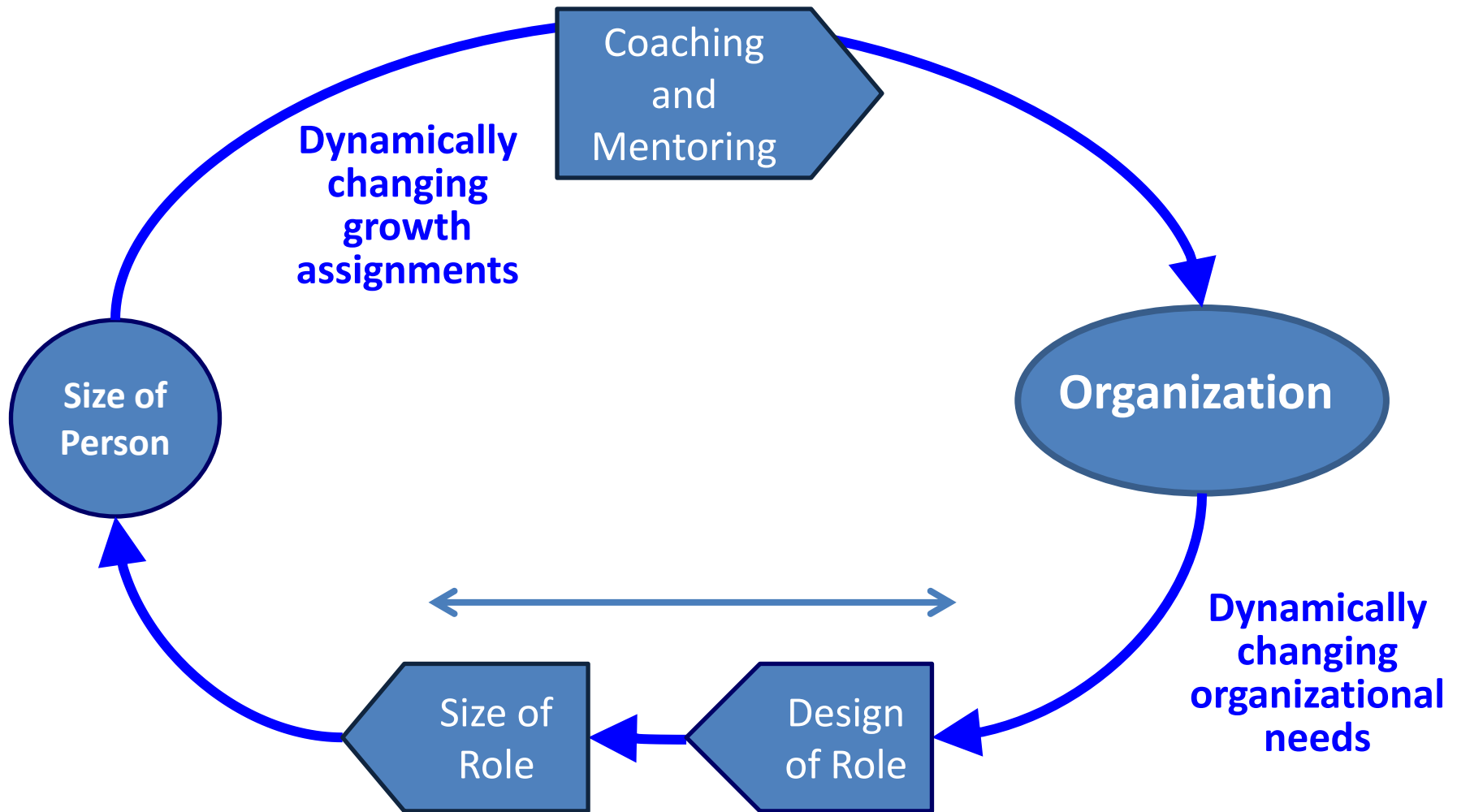
Hypothesis for Matching *Stratum* to *Size of Person*

We measure 'Size of Role' in terms of Level of Work Complexity ('Stratum').
When in balance with a person's capability , **Requisite Organization** results.

Fluidity Index of Thinking/Cognition	Strata*		Social-Emotional Maturity Level
>50	VIII		5
	VII		5/4 − 5(4)
>30	VI		4(5) − 4/5
	V		4
>10<30	IV		4/3 − 4(3)
	III		3(4) − 3/4
<10	II		3
	I		2/3 − 3(2)

* Typical organizational job titles are, from top to bottom: **Board Member, CEO, EVP, VP, General Manager, Unit Manager, First Line Manager, Operator/Staff.**

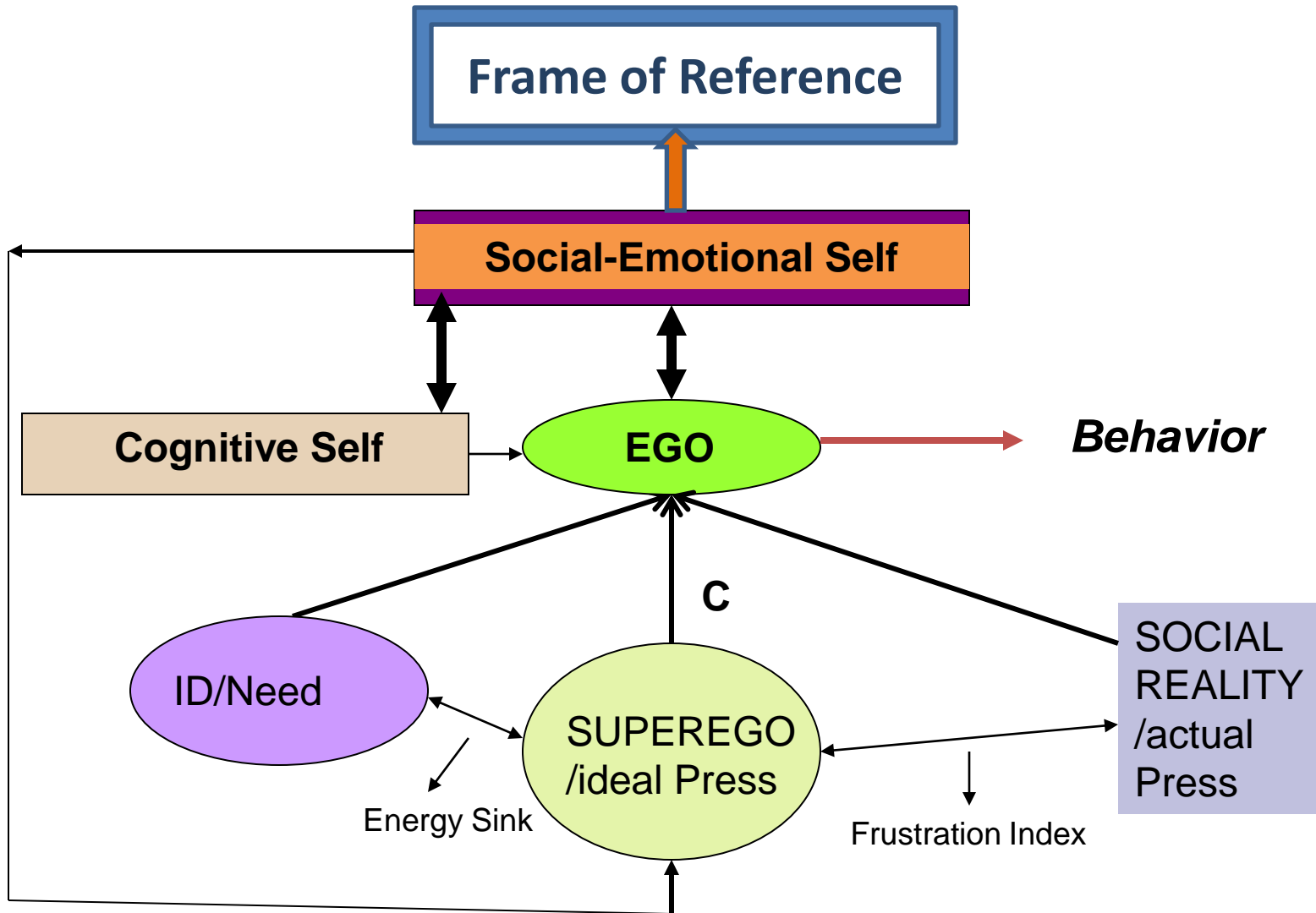# Matching Coaching/Mentoring to Role Assignments

Coaching and Mentoring

Organization

Size of Person

Size of Role

Design of Role

Dynamically changing growth assignments

Dynamically changing organizational needs

What Are Organizational Strata?

Size of Person

- On the side of "size of person" we need to invert the conventional HR hypothesis which puts competences first and move to a capability model.

- More specifically, we need to distinguish the social-emotional and cognitive aspect of Size of Person.

- The social-emotional aspect has to do with answering the question: "what should I do and for whom?"

- The cognitive aspect of Size of Person has to do with answering the question: "what can I know and what, therefore, I my options?"

- Importantly, these two aspects go together in a person, and are moreover joined to the psychological aspect which refers to the question: "how am I doing?"

The Three Dimensions of (Developmental) Size of Person

Frame of Reference

Social-Emotional Self

Cognitive Self

EGO

Behavior

C

ID/Need

Energy Sink

SUPEREGO /ideal Press

Frustration Index

SOCIAL REALITY /actual Press

15

Generic Social-Emotional Questions
Asked by Western Minds
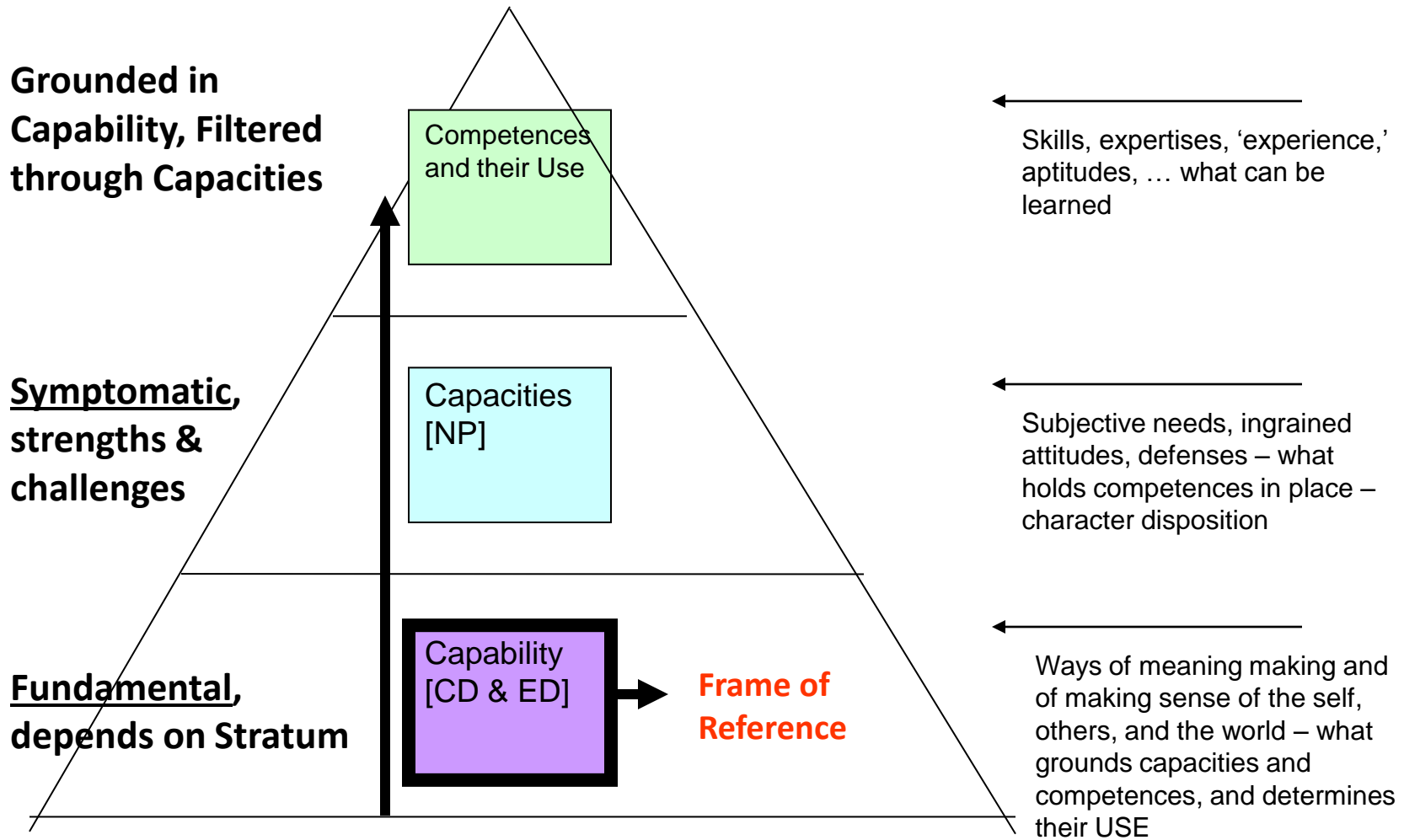
Instrumental	What is in it for me? What is the other guy doing? How can I protect myself?
Other dependant	What will best keep me in the group/community I am in? What is expected of me? How far can I decide on my own?
Self authorizing	How far does this correspond to my values? Can I stand for this approach? How can I best explain myself?
Self aware	Am I ready to give up my splendid isolation among peers? How far can I stand critically outside of myself? May I be overprotective of myself and thereby hinder myself from understanding myself better?

Generic Cognitive Questions
Asked by Western Minds
[in terms of the four moments of dialectic]

Logical	How can I best categorize what I see before me? What are the attributes of the objects of interest to me? What abstract system can represent them optimally?
Dialectical, Phase 1 (Context)	What are the layers of what I am seeing before me, and how can I arrive at a holistic functional picture of my world viewed from multiple perspectives?
Dialectical, Phase 2 (Process)	How aware am I of the unceasing changes that occur when I am not looking at the processes I am embedded in?
Dialectical, Phase 3 (Relationship)	How are the things I distinguish and separate as "different" connected, and what, therefore, is their common ground?
Dialectical, Phase 4 (Transformation)	How can I succeed in linking context, process, and relationship of what I see before me in such a way that I can conceive of the world as a living being that is constantly under transformation?

Turning Competence Models on Their Head

Grounded in Capability, Filtered through Capacities

Competences and their Use

Skills, expertises, 'experience,' aptitudes, … what can be learned

Symptomatic, strengths & challenges

Capacities [NP]

Subjective needs, ingrained attitudes, defenses – what holds competences in place – character disposition

Fundamental, depends on Stratum

Capability [CD & ED]

Frame of Reference

Ways of meaning making and of making sense of the self, others, and the world – what grounds capacities and competences, and determines their USE

'Competences' are used *as a function of Capability*

18

Part IIa

Thinking About Strategy Dialectically

- By strategy, we mean a *cohesive response to a challenge*. A real strategy is neither a document nor a forecast but rather an overall approach based on making meaning and sense of a challenge.

- The most important element of a strategy is a holistic and coherent viewpoint about the forces at work (context, emerging change and common grounds), not a plan.

- A person's and company's strategies depend on the mind set they are trying to realize in delivering work and relating to others.

- CDF is a tool for illuminating people's mind set, especially their mental model of the future, and thereby making it explicit.

Frame of Reference as a Starting Point of Strategy

A frame of reference or mind set comprises to essential components:
1. A cognitive one: dialectical thinking
2. A social-emotional one

Both go hand in hand.

The first determines how a team and/or company conceives of and conceptualizes strategic issues.

The second guarantees realism regarding what can be expected from company contributors, including the executive team and the board of directors, in carrying out strategy.

CDF, the Constructive Developmental Framework, is a theory of how frames of reference develop in people, how they change over the life span, and how can be transformed.

Therefore, CDF helps us bring about transformations of frame of reference.

22

(Exercise 1) **How do(es) you(r) (CEO) think ? What is the latest breakthrough idea you had for your business?**

- Let us examine your responses :
  - Distinguishing 'logical' and 'dialectical
  - Distinguishing 'content' from 'structure'
  - Distinguishing 'context', 'emerging change', 'common ground' and 'systems in transformation' thought forms
  - Distinguishing 'other-dependent' from 'self-authoring' and 'self-aware'

Logical/Dialectical; Content/Structure

The Dialectical Mind Set

Let's say the issue is moving away from a product-centric to a client-centric strategy over the next 6 months. To deal with this issue effectively, we need to think in four different dimensions, one by one, and eventually in all of them together (integration):

1. *Context*
2. *Process*
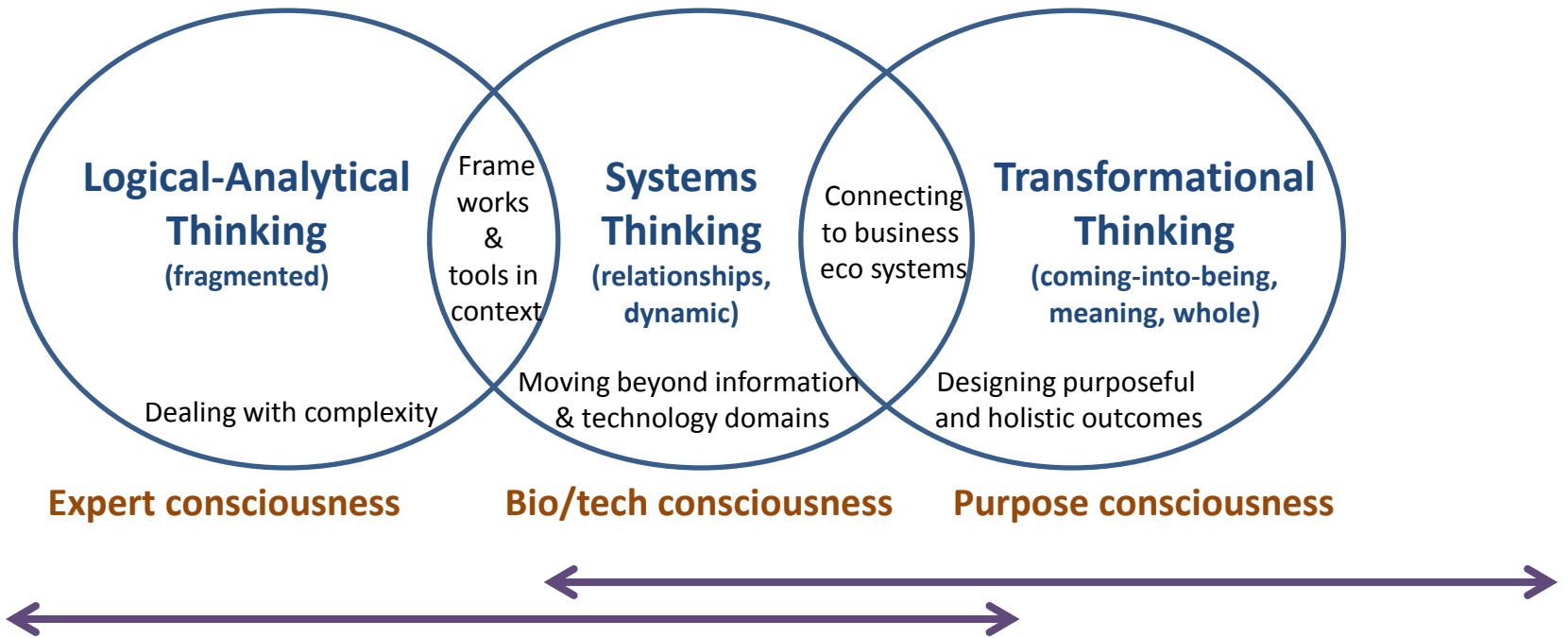3. *Relationship*
4. *Transformation*

Each of these thought dimensions is made up of tools called "thought forms".

CONTEXT thought forms describe the situation we are in, or the activity we want to undertake, or the situation we want to arrive at, -- anything we can reason about "logically"

PROCESS thought forms explicate the steps needed to have a new strategy emerge, and how the new strategy would be an integral part of larger market processes our company partakes in

RELATIONSHIP thought forms shed light on how customer centricity could become a common ground share by different strategic, marketing, and sales activities that together achieve the change from strategy A to strategy B

TRANSFORMATIONAL thought forms are tools for gauging system stability, understanding developmental movement, and coordinating systems.

25

Go to the introduction to DTF for the team workshop

Strategic Thinking Requires Fluidity

• Both in defining and implementing strategy, changing the quality of awareness and developing perceptual openness are of foremost importance.

• Quality of awareness and perceptual openness have to do with frame of reference.

• What is needed to change frame of reference is a discovery procedures for one's own present frame of reference.

• Such a procedure can be developed through DTF, the Dialectical Thought Form Framework.

Example: Changing Strategy and the Risk of Doing So

• Let's say a team is discussing changing strategy from *product centricity* to *customer centricity*. What may be the risk of doing so?
• Logically, there seem to be 2 problems: how to change the strategy, and the the nature and size of the risk of doing so.
• These 2 problems intersect: depending on how we move away from product centricity toward customer centricity, and how fast we do so, the risk associated with the move will be different.
• Regarding problem 1 (change of strategy) it would help to determine:

    1. what a customer-centric strategy would look like (context)?
    2. how it would be initiated, carried out, and refined as a process?
    3. how customer centricity can become a common ground of strategic activities, the pin that links different activities (relationship)?
    4. how the move from one strategy to the other can be seen as a transformation of the company mission, to add value to the company for the sake of its clients?

• Formal logical thinking is not of much help in puzzling out all of the implications of what is involved since it is neither holistic nor critical, and thus not "deep".

28

Four Dimensions of Critical Systems Thinking

As shown, to tackle problem 1 (change of strategy), we need to think in four different dimensions, eventually in all of them together (integration):
1. *Context*
2. *Process*
3. *Relationship*
4. *Transformation*

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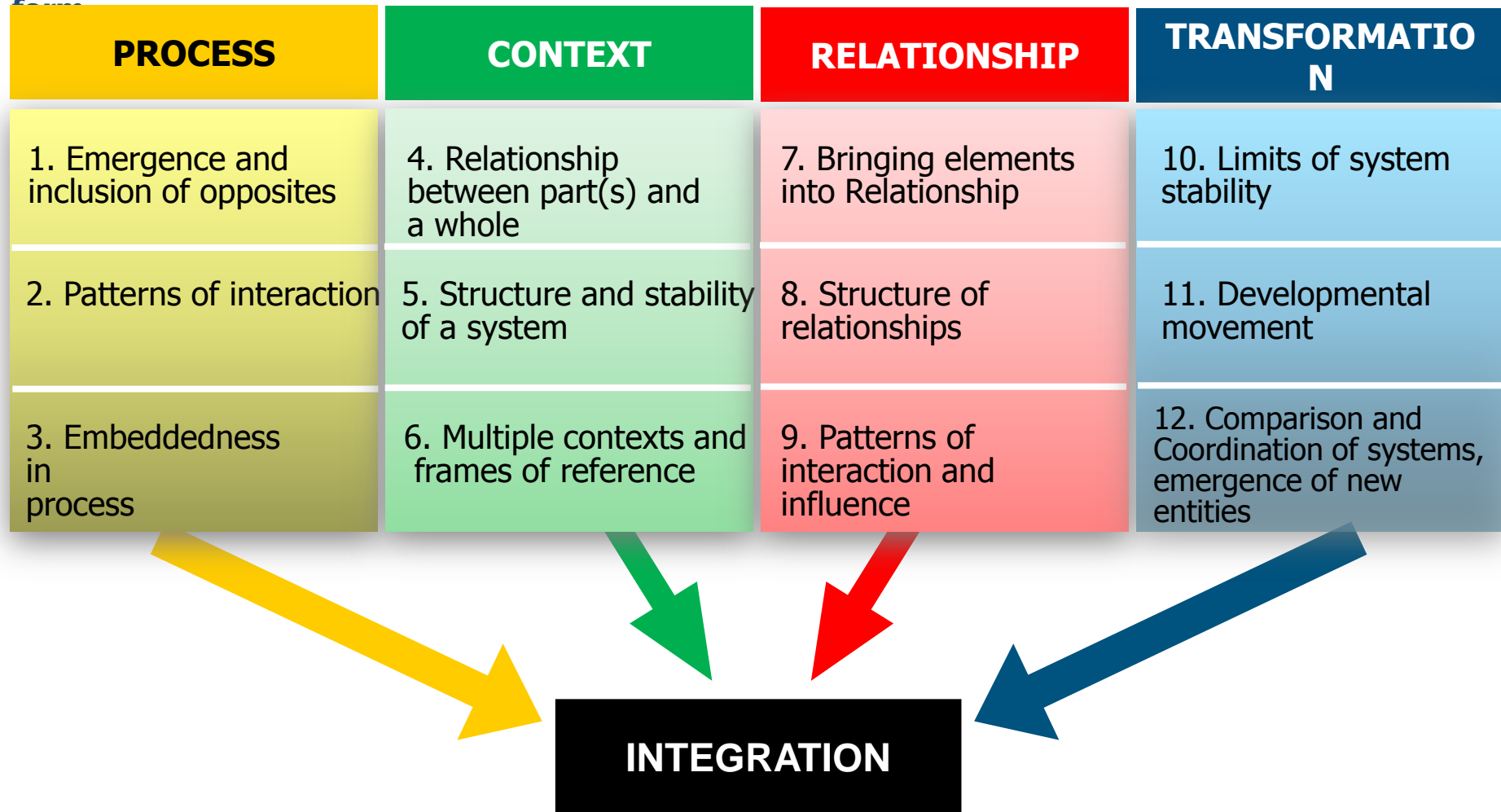
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29

Table of 12 Dialectical Thought Forms

As they follow each other in each class, the thought forms shown gain strength. Initially just "pointing to" an issue, they proceed to helping elaborate it and to coordinate more than one form.

PROCESS	CONTEXT	RELATIONSHIP	TRANSFORMATION
1. Emergence and inclusion of opposites	4. Relationship between part(s) and a whole	7. Bringing elements into Relationship	10. Limits of system stability
2. Patterns of interaction	5. Structure and stability of a system	8. Structure of relationships	11. Developmental movement
3. Embeddedness in process	6. Multiple contexts and frames of reference	9. Patterns of interaction and influence	12. Comparison and Coordination of systems, emergence of new entities

INTEGRATION

Mind Opening #1: How to Think About Context

CONTEXT

4. Relationship between part(s) and a whole

5. Structure and stability of a system

6. Multiple contexts and frames of reference

When taken as a context, "Client centered strategy" is a thought entity comprising parts forming a whole. This leads to the following questions:

1. What are parts forming this whole? (thought patterns, activities, trainings, communications, accountability levels of those implementing this strategy, etc.)
2. Which of these elements are of primary, which of secondary importance in developing the new strategy?
3. What is the function of each?
4. How to the primary elements relate to each other?
5. What would it mean to achieve an equilibrium of the primary elements?
6. What is the structure of each? (Are they layered?)
7. What is their degree of stability over time (will they need frequent revisions?)
8. What are the different perspectives one can take on this strategy inside of the organization, in adhering to it, from the point of view of clients?
9. Etc.

31

Mind Opening #2: How to Think in Terms of Process

PROCESS

1. Emergence and inclusion of opposites

2. Patterns of interaction

3. Embeddedness in process

When seen as in motion (dynamic), the development of the strategy itself, implementing it, and maintaining it are all processes in which new elements emerge, raising the following questions:

1. In designing the strategy, what might we have forgotten that could make the strategy fail?
2. In developing it, what new elements might emerge?
3. What did we forget to consider in our plan to implement it?
4. In moving from product centricity to client focus, are there interactions between the two we need to consider?
5. What is going to be the structure of the processes by which to implement the new strategy?
6. How will the strategy interact with other strategies we already pursue?
7. Are there patterns of interactions between the company and its clients that we need to be aware of when moving away from products toward customers?
8. How is the new strategy going to be embedded in other operational processes that we think of as remaining in place?
9. Etc.

Mind Opening #3: How to Think in Terms of Relationship

RELATIONSHIP

7. Bringing elements into Relationship

8. Structure of relationships

9. Patterns of interaction and influence

Not only is the new strategy made up of different elements, it also stands in relationship to the strategy to be left behind and other thought entities and operational entities we have so far taken for granted. This gives rise to the following questions:

1. What activities we are now carrying out will, in the face of the new strategy, have to change, and how?

2. What organizational processes and communications we are maintaining are intrinsically unsuited to focusing on clients rather than products (and why)?

3. How can we better relate our sales training (e.g.) to the new strategy?

4. What are the primary structural relationships between what present customers value in our work and what we are trying to put in place for them?

5. How will the new strategy change our relationship to customers in our day-to-day work with them?

6. Are there insights we could acquire from our customers that could us help customize the strategy to their expectations?

7. What interactions between us (our sales and delivery teams) and customers are going to change when we move toward a customer-focused strategy?

33

Mind Opening #4: How to Think Transformationally

TRANSFORMATION

10. Limits of system stability

11. Developmental movement

12. Comparison and Coordination of systems, emergence of new entities

When we consider that moving to a customer focused strategy is not just a change but a transformation of company culture, what conflicts, mismatches, lack of experience etc. will put the stability of our company in peril, and what do we need to do to forestall failures that could result?

1. What might the new strategy destabilize in our company?
2. What quantitative changes the new strategy brings about could lead to qualitative changes we are not expecting?
3. What conflicts between customer expectations and their perception of our new strategy might surface?
4. If such conflicts arise, how could we best work with them to our advantage?
5. What resources might introducing the new strategy let emerge that we are presently unaware of?
6. Are there ways in which as a company we need to anticipate and adjust to the impact of the new strategy, not just on our sales department?
7. Might customers see our moving away from a product-centric strategy as a lessening of our commitment to product excellence?

34

Review of the Risk of Changing Strategy

• We have now shed light on what moving to a customer-centric strategy may entail.

• Thereby, we have begun to answer the second question we posed for ourselves, regarding the risk of moving from a product- to a customer-centric strategy.

• Through mind-opening exercises, we have become aware of the fact that our thinking is prone to succumbing to four kinds or risks:

   • Context Risk: we may fall prey to seeing change of strategy as a "flat land", forgetting that structurally it involves different layers, both of the strategy itself and the activities, expectations, and outcomes associated with strategy. *Fallacy: Thought fixation; denial of absences.*

   • Process Risk: we may fail to consider that new realities are emerging all the time, and that switching from one strategy to another is not a simple "change", but will trigger processes we may only partly be aware of, but are embedded in. *Fallacy: Arresting process.*

   • Relationship Risk: we may fail to appreciate the strong intrinsic relationships that bind together all elements and dimensions of strategy, and the way clients perceive change of strategy. *Fallacy: Simplifying or neglecting the common ground shared by opposites.*

   • Transformational Risk: we may fail to view our company as an enterprise which has limits of stability, harmony, and durability, and thus is unceasingly under development. *Fallacy: mistaking transformation for mere change, actuality for reality.*

Review and Summing Up

• The mind-opening thought experiments we have conducted make clear that dialectical thinking is a *discovery procedure* that helps deal with known as well as unforeseen complexities.

• Managers and executives can realize breakthroughs if they manage to think not only in terms of a single class of thought forms (e.g., process) only, but can *coordinate* thought forms in the four classes.

• We refer to that as *critical systems thinking*, or mature *dialectical* thinking.

• For a team to exercise dialectical thinking requires collaborative intelligence by which departmental boundaries and clichés are transcended in a rigorous and systemic kind of "thinking together".

• For teams ensconced in logical thinking alone, understanding change as transformation will be impossible.

• However important logical and abductive thinking may be, they need to become tools of transformational thinking.

Part IIb (social-emotional):
The meaning making behind thinking

What is Meaning Making?

- People don't just "think"; they are trying to realize their present mind set; it is this mind set that determines what they pay attention to and find relevant.

- Their mind set has a "social-emotional" component through which people make meaning relative to themselves as individuals and others they are socially linked to.

- Frame of Reference in this social-emotional sense is quite different from "thinking". In many ways, it is the underpinning of what people choose to think about.

- We best understand social-emotional frames of references as calibrated in "stages" of meaning making (following Kegan & Laske).

- We can exemplify these stages in terms of individual as well as teams; see the following slides to understand social-emotional frames of reference better.

Differences in Frame of Reference

Maturity Level of Person	Social-Emotional Frame of Reference
Self aware [Kegan stage 5]	I am no longer identified with my own competences and values but am poised to transform myself beyond what I stand for today with the help of others as midwives
Conflicted Openness [4/5; 5/4]	*I am having a hard time letting go of my own predilections and convictions, at the same time inclined to experiment with letting myself be transformed by others' superior tolerance and equanimity*
Self authoring [4]	I am aware that my values and principles may not be shared by others and, granting them the right to follow their own, decisively pursue my own.
Principle Uncertainty [3/4; 4/3]	*I am torn about how to work with higher-level authority and cannot bring myself to take action independently, becoming fully responsible.*
Other-Dependent [3]	I am unaware that I am defining myself by the expectations of others and thus lack a core identity
Dependency conflict [2/3; 3/2]	*I begin to be interested in others' motives and also their valuation of me, but mainly to manipulate them more effectively*
Instrumental [2]	I am unaware that, in being focused on self interest, I tend to manipulate others to satisfy my own needs and desires

Frame of Reference Differences in Teams

Maturity Level of Person	Social-Emotional Frame of Reference
Self aware	I add value to my team by cultivating humility in regard to my own strengths and by inviting team members to settle conflicts in ways that enhance the team's collaborative intelligence and purpose. I would welcome it if all of us would methodically reflect on where lies the team's and the company's common good.
Conflicted Openness	I add value to my team by being able to put myself in question and ask for assistance from others, especially in very complex situations I may not fully grasp. I would thrive if I trusted others enough to be able to let go of my fear of losing face.
Self authoring	I add value to my team by setting direction and inspiring others to follow my vision. I would be delighted if I were acknowledged as a leader and would receive critical feedback, especially when my vision turns out to be faulty or cannot be realized.
Principle Uncertainty	I add value to my team by not just accepting the authority of others but doing my best to develop, and adhere to, my own principles and values. I would be inspired if my learning in the team would make me less torn internally when it comes to taking full responsibility.
Other-dependent	I add value to my team by doing my best to collaborate with what others find most important and timely. If seen as not truly embracing the views of the team majority, I would have to make a stronger effort to make my values and principles better known.
Dependency Conflict	I add value to my team by leaving my own interests behind and going along with the majority. If not truly accepted by the majority, I would have to find ways to stop always putting myself first.
Instrumental	I add value to my team by following my own needs and desires and persuading others to follow along. If betrayed and dismissed by others, I would want to know their motives so that I can manipulate them more effectively for my own purposes.