

**THE PLACE WHERE WORK HAPPENS:  
On human resource intangibles  
underpinning performance in organizations**

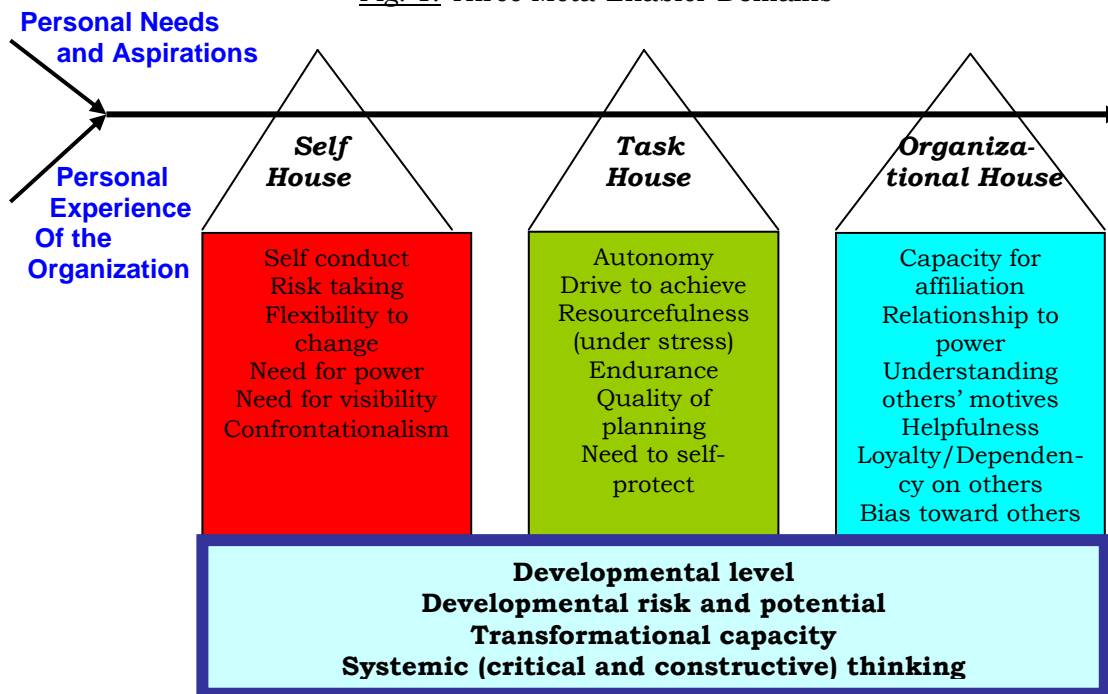
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Abstract

Consultants and HR Directors require insight into the covert, out-of-awareness processes that undergird use of competence and accomplishment at work. Such insight is best framed by the assumption of social constructivism that work happens in the organization ‘in here’, rather than ‘out there.’ This article presents a model of how the organization is internally constructed by executives and employees as “organization in here,” and outlines a methodology for measuring the capacity of this internal organization for executing company strategy and coping with change. The text comprises two parts. First, we introduce the topic of work in the ‘organization in here,’ explaining what meta-enablers are, and why assessing them is strategic. Second, to illustrate their assessment, reportage, and use, we report a case study. The study regards issues encountered in converting a company from a research-oriented to a product delivery organization.

**Introduction.** To be able to understand and measure the intangibles that determine the performance in organizations, we developed the Corporate Development Readiness and Effectiveness Measure (Laske 2002a-b, 2001a-g). CDREM™ conceives of performance intangibles as *meta-enablers* that “enable” organizational enablers such as competence use, leadership, cultural climate, strategic alignment with strategy, team synergy, and others, standing “beyond” (meta) them. As shown in Fig. 1, meta-enablers are developmental and behavioral proclivities undergirding how executives and employees internally construct the organization they work in and for.

Fig. 1. Three Meta-Enabler Domains



The notion underlying meta-enablers is the principle of social constructivism: that people construct their world in accordance with their present developmental level and behavioral disposition (Wilber, 2001; Kegan, 1994; Basseches, 1984; Laske, 1999a), and that level and disposition undergo continual change over the life-span. We refer to the organizational world people construct as the “internal organization,” or “organization ‘in here’” (rather than ‘out there’). As shown, meta-enablers in CDREM™ are organized into three behavioral domains or “Houses.” Each House is grounded in a common developmental base to indicate the overriding influence of the latter on the former (Laske, 1999b). Assessment outcomes in the Houses are reported from three perspectives: personal needs and aspirations, and personal experience of the organization. A brief description of the major aspects of the model follows.

**Social Construction of Reality.** The first step in understanding meta-enablers is to realize that what people call “the real world,” including their organizational workplace, is not somehow “out there,” but is variably constructed by them, and how they construct it strongly depends on their position along the life span. This entails that organization members walk into their own projection of the company they work in, not into some neutral organization “out there.” Here, we are in total agreement with Marshak & Katz’s model of covert processes (OD Practitioner, 33.2). We go beyond their model by asserting that the building stones of that real world, specifically, executives’ and employees’ “organization in here,” can be precisely conceptualized, assessed, interpreted, and tracked over time, by making use of methodologies deriving from developmental and organizational psychology. CDREM™ is such a methodology. To be precise, it is the first methodology of its kind that combines adult-developmental and behavioral principles of assessment for the purposes of human-capital management.

**Adult- Developmental Proposition.** There is broad agreement in the developmental sciences (Wilber, 2001) that two of the many existing lines of development over the life span (cognitive, moral, sexual, spiritual, etc.) are closely linked and provide pre-conditions for each other: self-awareness and cognition (Laske, 2001a). This link entails that the capacity to cope conceptually with inner and outer complexity, also referred to as “dialectical” or “transformational” (Basseches, 1984), is a major motor of the development of self-awareness. Self-awareness, researched by Kohlberg, Loevinger, Kegan and others as “mental growth,” is consensually defined as the growing ability of the adult to de-center from self. A handy way of formulating the goal of mental growth processes over the life span is to say that people develop from being totally *subject* to their own desires and needs (their self) in infancy into individuals able to hold more and more of the world they construct as *object*, thereby shaping subject-object relationships in less and less ego-centric ways (Kegan, 1994). For instance, while the infant has no “other,” and only gradually acquires a first other in “mother,” the mature individual, if fortunate, will pass away being aware of herself as a tiny speck in a huge universe held by her as object, including significant parts of herself. In adult work, there is a stark difference between individual constructing the organization as “other” on different levels of self-awareness. In CDREM™, developmental processes are seen as factors shaping organizational functioning at large; they form the basis

of the three behavioral Houses (Fig. 1), indicating that the ways in which people behave as members of organizations are shaped by their developmental position along the life span (Demick, 1996; Laske, 1999a). CDREM™ distinguishes 15 distinct developmental levels. The levels are associated with characteristic ways of making sense of ME and NOT-ME, or self and other. For instance, at level 4, individuals are self-authoring in the sense that they define themselves by their personal value system, but are unable to detach from that system. This is the proverbial manager. By contrast, on levels surpassing 4 toward 5 (in Kegan's nomenclature), leaders emerge who can hold large parts of themselves as object, and are thus able to motivate and develop others as an activity supporting their own self-development.

**The Relationship of Developmental and Behavioral Profiles.** As important as developmental factors are, there is a second set of determinants of organizational behavior. While developmental factors represent the vertical dimension of human resource intangibles, behavioral factors define their horizontal. The latter refer to the unique psychological organization of executives and employees that articulate the developmental underpinnings. An organization member's behavioral profile can be conceptualized in various ways. Following Morris Aderman, a disciple of Henry Murray, CDREM™ does so by defining 18 behavioral variables measured in three domains or Houses (Fig. 1). The Houses themselves are viewed from, and their content measured, from three distinct OD perspectives: personal need and aspirations, and actual experience of the organization. Gaps between these dimensions are known as energy sinks (gaps between subjective need and aspirations), and frustration indexes (gaps between aspirations and organizational experience), respectively. As shown in Fig. 1, each House is further differentiated into six variables that define it. Together with developmental variables, behavioral variables constitute the criteria pool based on which CDREM™ index assesses meta-enablers.

### **Groups, Teams, and Representative Samples.**

Since individual assessment is the basis for measuring intangibles, groups, teams, and representative samples of a company's total population are represented by aggregation. In the developmental case, data aggregation creates ideal-types of teams, such as the 4/3 group, each of which has a predictable behavioral dynamic. In contrast to a purely self-authoring 4-group, a 4/3 group is characterized by the fact that the majority of members holds a self-authoring view of themselves, while a minority adopts an "other-dependent" (level 3) perspective. As a consequence, such a team vacillates between principled action (developmental level 4) and action focused on preserving consensus and shared context (developmental level 3). Depending on the unique psychological organization (behavioral profile) of team members, this developmental tendency shapes their collaboration, creating predictable patterns of breakdown and accomplishment.

### **Why Are Developmental and Behavioral Factors Intangible and Covert?**

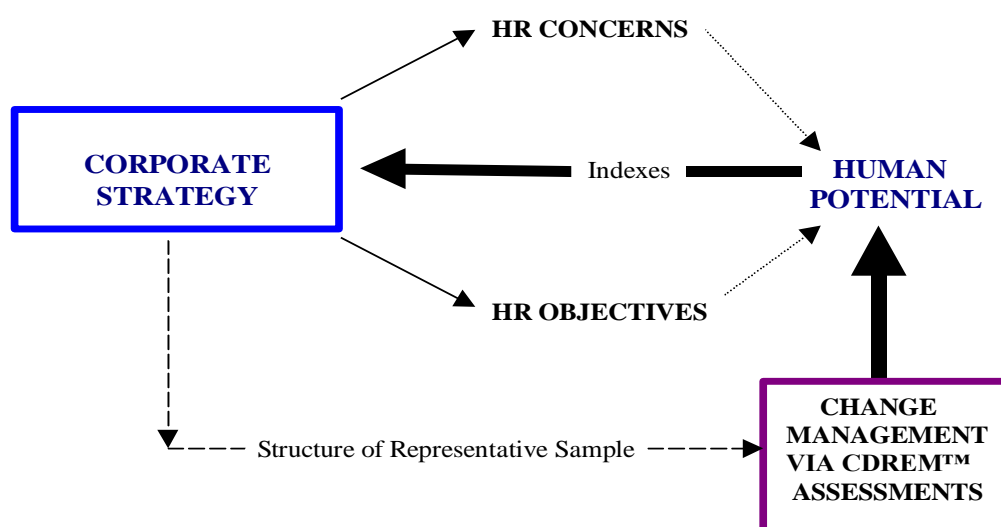
Something is intangible relative to what is easily made transparent and measured. CDREM™ criteria define covert processes in the sense that assessment is required to make them visible, tangible, and thereby manageable. In CDREM™, assessment is interview- and questionnaire-based. (Opinion

surveys are incommensurable with assessing intangibles.) Interviews, when scored for structure (rather than content), permit the determination of developmental levels, risk and potential, transformational capacity, and systems thinking. Questionnaires, scored as well, lead to numerical scores for all 18 variables of the three Houses in all three OD dimensions (personal need, aspirations, organizational experience). This rich data is a boon for the consultant as well as the HR Director.

**State of the Art of Measuring Intangibles.** Human resource intangibles have recently become a hot topic. Under the influence of the balanced scorecard, in particular, measuring intangibles is required to safeguard and guide execution of strategy. While elaborate competency models persist, and emotional intelligence assessments have spread, attempts to break open the *employee black box* are only at their beginning. Increasingly, what HR Directors need is a deeper level of insight into the intangible capacities of the workforce, thereby putting in doubt the adequacy of considering employees a “black box” whose innards cannot be measured. CDREM™ responds to that desire to go deeper by measuring meta-enablers, thereby expanding the number of levels of HR evaluation and measurement (Fitz-enz et al., 1998).

**A Case Study Applying CDREM™: General Introduction.** As shown in Fig. 2, using CDREM™ requires a clear grasp of company strategy and of the HR deliverables deriving therefrom. These deliverables generate HR concerns and objectives that determine what types of *index* will be assessed and tracked over time. Indexes are sets of CDREM™ criteria shown in Fig. 1, above. As shown in Fig. 2, assessment is focused on a *representative sample* of some target population, such as a company division or management layer.

Fig. 2. Use of CDREM™ in OD Change Management



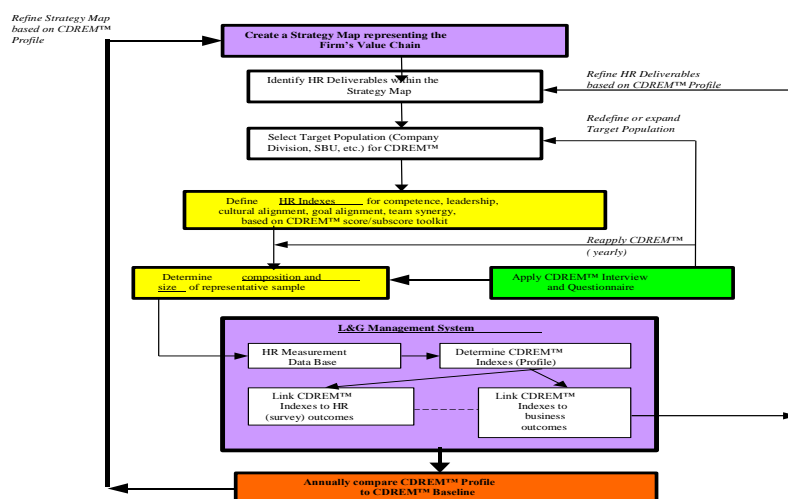
How such a sample is structured and sized entirely depends on the goal of the assessment. Fig. 3 shows some options of structuring a representative sample serving as the assessment focus. See the explanations in the outer right column.

Fig. 3. Structuring and Sizing a Representative Sample

| TYPE OF SAMPLE                                    | SITUATIONAL AND CULTURAL CONDITIONS   |
|---|---|
| <b>A. Pure Samples</b>                            |   |
| 1. Executive team only (=E)                       | Initial stages of strategy implementation, strategy not yet driven down, potential of team “to see through” the chosen strategy needs testing |
| 2. Middle management [group leaders] only (=M)    | Strategy has been driven down to the middle management level, but there are concerns about full alignment at that level                       |
| 3. Critical teams [and team managers] only (=T)   | Teams are seen as not fully aligned to strategy, although middle management has a good grasp of strategy                                      |
| 4. Individual contributors only (=I)              | Strategy has been driven down to individual-contributor level, but the degree to which individuals are fully aware of strategy is unclear     |
| <b>B. Mixed Samples</b>                           |   |
| 1. Balanced sample (E, M, T, I=25%)               | Strategy has been driven down to the individual-contributor level; emphasis is on the evenness of strategic awareness across all levels       |
| 2. Management sample (E=10%, M=50%, T=20%, I=20%) | Strategy has been driven down to the individual-contributor level, but doubts remain as to middle management alignment                        |
| 3. Team sample (E=0%, M=30%, T=70%, I=0%)         | Strategy implementation predominantly rests on critical teams and their managers  |
| 4. Workforce sample (E=0%, M=30, T=0%, I=70)      | Middle management and individual contributors are considered the foundations of strategy implementation and value creation                    |
| 5. other customized definitions                   |   |

The assessment is an “organizational structure intervention which calls for examination and evaluation of structural causes of organizational inefficiency” in the human resources domain (French & Bell, 118). In terms of OD as an on-going process, CDREM™ assessment is focused on helping the client perceive, understand, and act upon processes occurring in the organizational environment. The steps by which this happens are depicted in Fig. 4, below:

Fig. 4. CDREM Assessment as an on-going OD process



As shown, the process proceeds in line with notions derived from the balanced scorecard, where a *strategy map* is defined first. Strategically relevant HR deliverables follow from the map. Understanding the deliverables that HR will have to provide to support the execution of company strategy leads to the selection of a *target population*. The next step is the structuring and sizing of a *sample* (group, inter-group, or selection from cross-functional layers) of the target population that is *representative* of the HR concerns and/or objectives raised by the deliverables. According to [Fig. 4](#), assessing human-capital intangibles requires altogether eight steps:

1. Translating strategy objectives into HR deliverables
2. Locating a target population
3. Structuring and sizing a representative sample
4. Formulating indexes for assessment
5. Collecting meta-enabler data through interview and questionnaire
6. Scoring and interpreting assessment outcomes
7. Putting in place appropriate HR and other organizational interventions
8. Following up meta-enabler assessments.

In summary, the approach is highly systemic, in contrast to the piece-meal and “band-aid” character of many OD interventions today. The approach is focused on the overlapping of four systems: financials, customer relations, internal business process, and learning and growth; it establishes a balance between the diagnostic, action, and process-maintenance components of the OD intervention. In order to convey more of the flavor of the approach, below, I discuss a recent CDREM™ case study.

### **Case Study Example: Converting from a Research to a Product Delivery**

**Organization.** Among the many possible applications of the CDREM™ approach to HR change management, organizational situations requiring deeper insight into the nature of the present workforce are primary candidates for introducing meta-enabler assessments. While opinion surveys only look at the workforce in terms of the organization ‘out there,’ surveying its façade, meta-enabler assessments penetrate to the organization ‘in here’ where work actually happens.

**Step 1: Translating strategy objectives into HR deliverables.** In the specialized, technology-based environment of today’s pharmaceutical and biotech organizations, there are many that need to re-fashion themselves from a research-focused to a product delivery organization. This situation also appears in companies of the third world with no behavioral research tradition, such as India, where technically and scientifically trained personnel is asked to fulfil people-oriented managerial duties. In both cases, the question arises whether the workforce, as presently educated and developed, is up to the challenge of supporting a company strategy focusing on product delivery. In this circumstance, CDREM™ assessments can be highly actionable since they “go to the bottom” of developmental and behavioral capacities of a representative sample of executives and employees. The focus of the assessment is *whether there is enough meta-enabler capacity that will support the optimal use of existing domain competences other than purely technical ones.*

**Step 2 : Locating the Target Population.** Many constituencies are involved in the change from a research to a product delivery organization. Appropriate personnel can either be hired from the outside, or can be developed in-house. Where presently hired scientists and engineers promise to possess sufficient managerial and ‘people’ competences, the in-house solution may be preferable since no cultural acculturation of new personnel is required. (New personnel can, of course, also introduce new helpful perspectives.)

**Step 3: Structuring and Sizing a Representative Sample.** In the case study, it was decided through the collaboration of consultant and HR Director, to use a “mixed management sample” of 40 individuals (see Fig. 3, above). The sample is composed of a majority of scientists and engineers who already function as leaders of cross-functional teams (60%). The remainder of the sample comprises representatives of the executive team (5%), selected members of critically important teams (25%), and individual contributors considered highly relevant to carrying out the change management strategy decided upon (10%). All sample members were deemed developmentally mature enough to succeed as managers in the envisioned new organization.

**Step 4: Formulating CDREM™ Indexes for Assessment.** CDREM™ indexes are sets of developmental and behavioral criteria that answer to HR concerns and objectives. They are thus customized to company needs, in particular, present strategy. The decision was made to start with a single comprehensive index, called a “Change Flexibility & Leadership Potential Index.” The index is fashioned to comprise both “enabler” (survey) and “meta-enabler” (CDREM™) data, for the purpose of contrasting the opinions of sample members and the out-of-awareness developmental and behavioral profile of the members (which might refute or confirm the opinions).

Fig. 5 Change Flexibility & Leadership Potential Index

**Enabler Data**

- awareness of company strategy (%)
  - aspirations for the company (%)
    - leadership aspirations (%)
- supportiveness of cultural climate in the workplace (%)

**Meta-Enabler Data**

*[CDREM™ assessment]*

Developmental: CDREM™ Interview(s)

- Level of developmental maturity for leadership (15 levels)
  - Near-future developmental risk and potential (
  - Strength of transformational capacity (0-100%)
- Strength of critical vs. constructive tools, or systems thinking (50/50%)

Behavioral: CDREM™ Questionnaire

*[Variables measured along a scale from 0 to 9]*

- Variables assessing self conduct (Self House)
  - Variables assessing task focus (Task House)
- Variables assessing interpersonal perspective (Organizational House)

- Energy sinks (resulting from misattunement to organization)
- Frustration index (indicating clash of subjective aspirations and company culture)

The index shown affords an outside (enabler) and an inside (meta-enabler) view of the anatomy of the representative sample. From the enabler data, the consultant and HR Director learn how executives and/or employees consciously “think about” the organization. From the meta-enabler data they learn what no opinion survey would reveal: how members of the sample actually make sense of their work and make use of their competence on account of their behavioral and developmental disposition. The dimensions assessed are those of Fig. 1, above. A selection of criteria in the three Houses has been made which is customized to the specific purposes of the assessment. For each of the variables entering into the index, a numerical standard is defined prior to assessment. CDREM™ findings are compared to these pre-defined standards in terms of the proportion of those that miss, adhere to, or exceed them. In this way, the consultant and HR Director learn of the workforce intangibles comprised by the index in a form reportable as “hard data” with relevance for discussion at the strategy table. In addition, since meta-enabler data obtained may confirm or disconfirm enabler data, consciously held opinions are put into relief against out-of-awareness dispositions that determine the organizational performance. Therefore, the risk to be deceived by relying on survey percentages is starkly diminished.

**Step 5 & 6: Collecting , Scoring, and Interpreting Meta-Enabler Data.** Meta-enabler data is collected through a one-hour interview and 45-minute questionnaire, on the basis of an agreement between consultant and sample member. Both interview and questionnaire results remain strictly confidential; they are never associated with personal identities, and are disclosed only as findings regarding the sample as a whole.



Table 2. Employee Meta-Enabler Metric #1  
Change Flexibility & Leadership Potential of Sample Members

| Meta-Enablers  | Index Standard<br>[moderate] | Assessment Results<br>[results do not add up to 1.0, the Index standard;<br>results are median values ] |                                      |                     |
|--|------------------------------|---|--------------------------------------|---------------------|
|  |                              | Risk [-]:<br>Missing Standard   | Potential [+]:<br>Exceeding Standard | Potential over Risk |
| <b>Developmental Findings</b>  |                              |   |                                      |                     |
| Level of developmental maturity for leadership (15 levels)                                       | 4                            | 1.19 ←  | 0.38                                 | (-0.81)             |
| Near-future developmental risk and potential   | $R = -2$<br>$P = + 2$        | 0.35  | 0.65 ←                               | +0.30               |
| Strength of transformational capacity (change flexibility)                                       | 50(%)                        | 0.50  | 0.17                                 | (-0.33)             |
| Strength of critical vs. constructive tools (systems thinking capacity)                          | 35/35(%)                     | 0.66  | 0.34                                 | (-0.32)             |
| <b>Developmental Median</b>  |                              | <b>-0.58</b>  | <b>+0.36</b>                         | <b>-0.22</b>        |
| <b>Behavioral Findings (Subjective Need Perspective)</b>   |                              |   |                                      |                     |
| Self House (conduct): self-concept, flexibility for change, need for power                       | 4.5                          | 1.21 ←  | 0.47                                 | (-0.74)             |
| Task House (task focus): autonomy, resourcefulness under stress, quality of planning             | 5.5                          | 0.82  | 0.54                                 | (-0.28)             |
| Organizational House (interpersonal perspective): empathy, helpfulness, capacity for affiliation | 5.5                          | 1.03  | 0.67 ←                               | (-0.36)             |
| Energy sinks: gaps between personal need and personal aspirations                                | 20.0                         | 1.60 ←  | 0.51                                 | (-1.09)             |
| <b>Behavioral Median</b>   |                              | <b>-1.12</b>  | <b>+0.53</b>                         | <b>-0.60</b>        |
| <b>Meta-Enabler Mean</b>   |                              | <b>-0.85</b>  | <b>+0.45</b>                         | <b>(-0.41)</b>      |

In most general terms, Employee Metric #1 (Table 2) illustrates how members of the sample construct the organization they work for *internally (out-of-awareness)*, independent of conscious opinions they may have about the organization. From left to right, the metric lists the index variables followed by the adopted assessment standards and the actual findings. (In the three columns to the right, numbers larger than 1.0 indicate that more members than those adhering to defined index standards construct the ‘organization in here’ either below or above standard, where ‘above’ has different meanings depending on the index variable in question.) Findings are separated into developmental and behavioral, for a good reason. While behavioral risks can be lessened through training and coaching programs, *developmental* risks are deep-seated, following a different change curve; they reflect the maturity of people hired in the past, and the positive or negative influence of cultural climate on their long-term disposition. Metric #1 presents *behavioral* findings from the perspective of personal needs. For findings from the perspective of actual organizational experience of sample members, see metric #2 (Table 3), below.

Both metrics make explicit the meta-enablers that determine organizational performance (use of competence) in the representative sample. They partition members of the sample ---60% leaders of cross-functional teams,

25% selected members of critically important teams--- into three groups: those who adhere to the standards adopted for the sample (implicit as 1.0), those that miss (“Risk” column), and those that exceed them (“Potential” column). The outer right column compares risk to potential. From a perspective of company strategy, metric #1 and #2 outline the meta-enabler void in which the company is operating (risk), as well as sample members’ unused resources for turning the situation around in the near future (potential). The chart below summarizes metric #1 (meta-enablers defining personal needs and aspirations) from a bird’s eye perspective.

|                             |  | <b>Risk [-]<br/>Missing Standard</b> | <b>Potential [+]:<br/>Exceeding Standard</b> |
|-----------------------------|--|--------------------------------------|--|
| <b>Developmental Median</b> |  | <b>-0.58</b>                         | <b>+0.36</b>                                 |
| <b>Behavioral Median</b>    |  | <b>-1.12</b>                         | <b>+0.53</b>                                 |
| <b>Meta-Enabler Mean</b>    |  | <b>-0.85</b>                         | <b>+0.45</b>                                 |

About as many sample members as adhere to set behavioral standards are missing the standards (-1.12), while the number of those missing developmental standards is only half as large (-0.58). Behavioral risk thus outweighs developmental risk. From a long-term perspective, this is a positive finding considering that behavioral risk is more easily turned around than developmental risk. The risk finding is corroborated on the Potential side, where one finds a larger behavioral than developmental pool of capacities waiting to be developed (+0.53 vs. +0.36). Accordingly, there is sufficient space for the improvement of behavior in the sample. These overall figures give a bird’s eye of the company meta-enabler landscape. Consultant and HR Director will primarily pay attention to the specifics that comprise *actionable* findings. The knowledgeable eye can easily discern clear patterns in the metric, stated below.

**On the Risk side**, of missing set standards, the highest (negative) entries are found under developmental level (-1.19), self conduct (-1.21), and energy sinks (1.60); see the arrows in the Risk column. The level standard defined for the sample is the self-authoring level (‘4’). In light of this fact, the finding that more members miss than adhere to level 4 that defines managerial excellence—integrity defined based on own value system, ability to respect and trust others’ integrity, self-monitoring in terms of principles—is alarming. This is reflected in the self-conduct score. The score pinpoints executives’ difficulty in stepping back from their own values and adopting a systemic view of company matters, their tendency to put themselves in favorable light, and difficulty separating self-need from task performance (self-concept variable). The score also shows a preference for routinized tasks or, alternatively, a ‘ruthless change agent’ mentality (flexibility variable), avoidance of positions of authority or the need to be sole source of direction (need for power variable). This finding is borne out by an equally high proportion of energy sinks. These sinks indicate that a larger number of members than adhere to the set standard hold aspirations that are in contradiction with their personal needs (-1.60 vs. 1.0). Consequently valuable energy is absorbed by purposes outside of members’ professional agenda. This finding strongly reflects the fact that a majority of the sample has presently not attained the managerial self-authoring level. We are dealing with a 3/4 sample, with a majority of members below developmental level 4, and all the behavioral dynamics that entails.

**On the Potential side**, the largest pool of hidden, unused human resources exists in the potential of sample members, to advance to higher than self-authoring levels in the near future (+0.65). In contrast to the behavioral potential regarding interpersonal perspective, of 0.67 ( $P < R = -0.36$ ), this developmental potential is not cancelled out by risk ( $P > R = +0.30$ ); see the arrows in the Potential column. However, under this balance, executives' developmental potential is unlikely to manifest in a heightened ability to understand other's motives, helpfulness, and capacity for affiliation (Organizational House) without special interventions. Rather, assumptive postures or exaggerated ways of analyzing others' motives will continue to prevail in the sample (empathy variable), as will lack of sympathy for others' needs or exaggerated sociality (helpfulness variable), and either a lack of need for collaboration or high, but scattered, social energy (affiliation variable).

**The Frustration Index**, indicating a clash between aspirations for, and experience of, the organization, is another important meta-enabler. The climate analysis data it provides is detailed in Employee Metric #2 (Table 3):

Table 3. Employee Meta-Enabler Metric #2  
Sample Members' Out of Awareness Experience of the Organization  
(Cultural Climate Analysis)

| Behavioral Meta-Enablers   | Index Standard<br>[moderate] | Assessment Results<br>[results do not add up to 1.0, the Index standard;<br>results are median values ] |  |   |
|--|------------------------------|---|--|---|
|  |                              | Risk [-]:<br>Company<br>Missing<br>Standard   | Potential [+]:<br>Company<br>Exceeding<br>Standard | Potential<br>over Risk in<br>Corporate<br>Climate |
| <b>Behavioral Findings (Perspective of Organizational Experience)</b>                            |                              |   |  |   |
| Self House (conduct): self-concept, flexibility for change, need for power                       | 4.5                          | 0.48  | 0.43   | (-0.05)   |
| Task House (task focus): autonomy, resource-fulness under stress, quality of planning            | 5.5                          | <b>1.19</b>   | 0.47   | (-0.72)   |
| Organizational House (Interpersonal perspective): empathy, helpfulness, capacity for affiliation | 5.5                          | <b>1.67</b>   | 0.67   | <b>(-1.00)</b>                                    |
| <b>Frustration index</b> (clash of personal aspirations and cultural climate)*                   | 25.0                         | <b>1.05</b>   | <b>0.45</b>  | <b>(-0.60)</b>                                    |

\* Note: Frustration risks > 1.0 indicate levels of frustration higher than assumed by the standard. In the present case, there are more members with higher than standard frustration levels (risk) and few members showing low frustration levels (potential).

In contrast to opinion surveys, the data of metric #2 regards deep-seated, out-of-awareness experiences of the organization's cultural climate that hinder existing competences from being optimally utilized. According to the metric, the most negative experience of the company's cultural climate regards its interpersonal perspective, followed by its task focus and, to a lesser degree, its self-concept (the way the company sees 'itself'). More people than experience the company as living up to standards proclaimed in its mission statement suffer from its lack of an understanding of co-workers' motives and a capacity for affiliation with their cause (-1.67). A slightly less severe indictment regards the company's task focus, i.e., the way it moves toward desirable outcomes,

completes projects despite obstacles, and optimally utilizes available resources. Although the company overall gets fairly good marks for self confidence, the degree to which it is able to engage with novelty, and abstaining from unilateral decision-making (conduct:  $R > P = 0.05$ ), this partial endorsement is not sufficient to lower the frustration index sufficiently ( $R > P = 0.60$ ).

### **Step 7: Putting in Place Appropriate HR and Other Organizational Interventions.**

Recall that meta-enabler findings are meant to indicate the amount of developmental and behavioral support for executing domain competences in the pursuit of current company strategy. Employee metrics #1 and #2 fulfil this purpose, bypassing all mere opinions and anecdotal beliefs of sample members that would make existing performance obstacles invisible. The diagnostic component of the CDREM™ is meant to fuel a HR task component as well as a process-maintenance strategy for optimizing the human potential required by current strategy. How actionable, then, are these findings, and what, specifically, would a CDREM™ consultant advise the HR Director to do, given the results above?

- Present to management an overview of the findings, explaining up-front the composition (structure and size) of the representative sample:
  - There are potential, previously invisible, HR obstacles (“meta-enabler risks”) to transforming the company’s focus from research to product delivery; these obstacles divide into short-term, training-sensitive, “behavioral,” and long-term, “developmental” ones
  - Since behavioral obstacles prevail over long-term developmental ones, there is considerable space for behavioral improvement of the workforce regarding change flexibility and leadership potential. (This is the main positive finding in metric #1)
  - However, a negative, out-of-awareness perception of the company’s interpersonal perspective and task focus determines the cultural climate, despite widespread acceptance of the company’s conduct as it derives from its mission. (This is the main finding in metric #2.)
- Make specific the developmental and behavioral resources and bottlenecks entailed by the overall findings, such as:
  - A. Developmental (long-term, impervious to training, but coaching-sensitive)
    - Positive: Initiatives for fostering management development in-house are likely to succeed *over the long term* ( $P > R = +0.30$ )
    - Negative: the overall level of maturity of executives and employees is deficient regarding self-authoring leadership capacity and change flexibility ( $R > P = -0.81$ )
    - Negative: systems thinking capacity is underdeveloped, standards being exceeded less frequently than they are missed ( $R > P = -0.33$  and  $-0.32$ , respectively)

These findings put in doubt the success of in-house development versus hiring of qualified personnel from competitors

#### B. Behavioral (short-term, training-sensitive)

- Negative: self-conduct (measured in terms of self-concept, flexibility for change, and need for power) is most deficient ( $R > P = -0.74$ ), followed by interpersonal perspective (‘emotional intelligence’;  $R > P = -0.36$ )

- Negative: large energy sinks result from discrepancies between employees' personal needs and their personal aspirations, magnified by the company's strategy-emphatic cultural climate ( $R > P = -1.09$ ); these energy sinks, presently hidden by moderate frustration index balances ( $R > P = -0.60$ ), are in danger of imploding.

On account of the CDREM™ findings, the HR Director might propose the following strategic HR initiatives:

#### A. Outside Hiring

- Postponing the realization of envisioned strategy, building in-house capacity for it in the meantime; else hiring appropriate managerial capacity from the outside, especially from competitors, guided by CDREM™ assessments

#### B. In-house Programs

- Involving in succession planning and promotion procedures those members of the sample who have collectively shown themselves to exceed developmental and behavioral standards, and re-assign those who have not
- Developing in-house capacity by introducing a management-level specific developmental coaching program whose effectiveness is assessed not only anecdotally, but by regular CDREM™ assessments
- In both coaching and training programs, emphasizing systems thinking capacity now largely unavailable on the managerial level
- Guided by an opinion survey, introducing initiatives that reduce obstacles that cause wide-spread energy sinks (such as “punitive” performance reviews leaving executives' personal development needs largely out of account).

**Step 8: Following up the Meta-Enabler Assessments.** CDREM™ follow-up assessments constitute the OD process maintenance component. Regular (yearly) re-assessment enables the HR Director to bring to the strategy table hard data substantiating the positive effects of HR policy and interventions during the past year, and thus boosts his or her standing. Re-assessments also substantially contribute to a definition of strategy that is guided by more than perceived market pressures and anecdotal beliefs in company capacity. In the present case, CDREM™ follow-up should specifically focus on index variables that have shown greatest potential (developmental risk & potential) and greatest weakness (developmental level, self-conduct, energy sinks, interpersonal perspective), respectively. New index variables that promise still better insight into human-capital bottlenecks and hidden resources may also be introduced, such as a “cultural adaptation” index specific to new hires, and a “coaching effectiveness index” for the in-house coaching program.

**Conclusion: CDREM™ Enriches OD Consulting.** CDREM™ assessments are an intervention into human capital capacity and corporate climate simultaneously. They raise strategic awareness, by pointing to otherwise invisible possibilities of human capital and its alignment with strategy. Such assessments make possible a type of HR change management that surpasses “isolating the effects of HR programs and initiatives” (Fitz-enz, 1998), which is totally bound to the gospel of opinion surveys. Use of the metrics in [Table 2-3](#) also surpasses the

use of competency models as behavioral predictors. Such models mix and merge competence with performance, and hide developmental bottlenecks to perfection. Overall, CDREM™ reduces the risk of executing company strategy in a meta-enabler void, that is, blind to human resource intangibles that, in the end, decide the success of company strategy. [5307]

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