Embracing both diagnostic and dialogic forms of organization development in order to exploit and explore

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Abstract

As an academic-practitioner, I reflect on my 18 years' experience as a CEO building a successful, ambidextrous company. The path to success was not linear, and I came to see diagnostic and dialogic forms of OD as complementary leadership-mindsets. Although Diagnostic OD encompasses a rational, planned approach to leadership and Dialogic OD is rooted in the belief that how stakeholders talk is an instrument of change and that change emerges without the need for a set plan, I learnt that both were necessary for achieving organizational ambidexterity. My Diagnostic OD approach to improving exploitation was successful but it failed as an approach to revitalize exploration. Subsequent success was enabled by my also embracing Dialogic OD. While a Diagnostic OD mindset can aid exploitation and a predictive approach toward exploration, a Dialogic OD mindset can better facilitate nonpredictive forms of exploration and, by increasing employee participation, can overcome commonly acknowledged barriers to change.

In 2001, following a 12-year period of exploration activities under an innovative founder, Newton Pty Ltd (Newton) [pseudonym], a South African-based manufacturing company had a full order book but was failing to meet quality and service requirements. As an engineer with experience in general management in the corporate sector, I was appointed as Newton's Managing Director and set about applying a Diagnostic OD, planned, top-down leadership style to focus the company on exploitation activities. For example, I introduced an accredited quality and logistics management system, HR policies and procedures, and an annual strategic planning process monitored by a balanced scorecard. My Diagnostic OD approach to improving exploitation succeeded, and due to our improved levels of service, quality, and efficiency, Newton entered a period of sales and profit growth. By 2011, Newton had become its industry's market leader. I proudly, but naively, considered it to have become "successful." However, during the following 2 years the company's position faltered as new competitors entered the market. The existing products were mature and the company needed to ambidextrously revitalize exploration in order to develop new products while simultaneously maintaining the focus on efficiency for existing products.

Having identified a concept for a new product, I proceeded to appoint a Product Development Director. However, after an initial burst of progress with the design of the new

product, the envisaged development encountered ongoing technical obstacles. In addition, paradoxes, created by the push to concurrently exploit and explore, were causing tensions on the Executive Committee since the established members were being told to reduce costs while the Product Development Director appeared to them to be spending money at will. Also, the latter reported that structural "red-tape" was continuously hindering his progress. Furthermore, the sales team showed little interest in assisting the development process, and when I decided to try to change their behavior by re-orientating their incentives I was met with fierce political resistance.

It was becoming increasingly evident to me that, although my Diagnostic OD leadership style was appropriate for managing exploitation, where cause and effect relationships were more ascertainable, it was proving inadequate for overcoming commonly accepted obstacles to change such as structural inertia, psychological resistance, political factors, and paradoxical tensions. Battling to surmount these barriers to change, I considered other approaches to leadership, and in line with the recommendations of authors such as Oswick (2009), I began to adopt both a Dialogic OD and a Diagnostic OD mindset.

With the aid of an expert facilitator, we conducted a series of Dialogic OD strategic workshops with our key employees. I had no predetermined intentions regarding strategic content and the process led to a bottom-up, emergent strategy (Bushe, 2020). Participants established teams to work on areas of the business about which they were passionate but, in the process, also gained insights into the paradoxical tensions inherent in pursuing both exploitation and exploration. Accepting the Dialogic OD principle that individuals construct their own realities through their narratives, and by extension, that these realities were not necessarily the same as mine, helped me embrace and demonstrate a more participative style of leadership with a resultant obvious reduction in employee resistance to change.

I also implemented a 'lean start-up' approach to exploration consisting of an ongoing process of identifying key assumptions, rapid validation, and then pivoting or persevering based on the outcome. Steyaert (2007, p. 460) says that such a nonpredictive logic "pulls attention away from the heroic creator," Seeing the product development process at Newton as a Dialogic OD process in which change emerges without the need for a predetermined end-point helped me let go of tight control and truly embrace a continuous process of employee participation.

Although I adopted a Dialogic OD mindset for overcoming barriers to change and for nonpredictive exploration, I continued to apply a Diagnostic OD approach not only to exploitation but also to predictive aspects of exploration such as the allocation of resources. For example, I created a number of new positions for Senior Technical Marketers, with the sales team reporting into them. The deliberate addition of new resources in line with generalized end-goals follows a predictive logic, in which the desired outcome—better innovation with the engineers at the customers—was predetermined and the resources were selected as the means to achieve the outcome. This is a Diagnostic OD approach in that it assumes an objective reality in which "opportunities can be recognized and discovered as if they are already there waiting" (Steyaert, 2007, p. 460). The adoption of both predictive and nonpredictive approaches to exploration is in line with arguments such

as Brown and Eisenhardt's (1997) call for both structure and the freedom to improvise in order to achieve continuous change.

Concluding Remarks

The story presented here offers a rare insight into the styles of leadership adopted by a CEO over an extended period in which temporally separated, failed, and successful attempts at implementing the same organizational change objective, by the same leader, in one organization, occurred. My experiences demonstrate that the solution to a range of challenges for business leaders aiming at organizational ambidexterity can be enabled by leaders equally embracing both Diagnostic OD and Dialogic OD mindsets. For example, a Diagnostic OD approach is likely to be more appropriate for the maintenance and improvement of exploitation activities and for predictive exploration, while a Dialogic OD mindset can better facilitate nonpredictive exploration and the overcoming of commonly acknowledged barriers to change by increasing employee participation. The story demonstrates that, in order to successfully lead an ambidextrous organization focusing on both exploitation and predictive and nonpredictive forms of exploration, a leader needs to equally embrace both Diagnostic OD and Dialogic OD mindsets.

References

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