

The role of Appreciative Inquiry in meeting the challenges of the next decade

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Abstract

The next decade will present many uncertainties and organisational challenges on an unprecedented scale. As the financial crisis winds its way through the system, a new world order is being revealed. There will be no return to "Business As Usual".

This article explores the changes in the external world, outlines how organisations can cope with the uncertainty these changes bring, and in particular the role that Appreciative Inquiry can play. It is based on the frameworks discussed in more detail in "Beyond Crisis"ⁱ by Gill Ringland, Oliver Sparrow and Patricia Lustig.

Introduction

Appreciative Inquiry (Ai) has its roots in work with communities around the world.ⁱⁱ It was developed in the late '70s at Case Western Reserve School of Business and is an organisational development process or philosophy that engages individuals within an organisational system in its renewal, change and focused performance. Ai is based on the assumption that organisations change in the direction they enquire into and that an organisation which enquires into problems or difficult situations will keep finding more of the same, while an organisation which tries to appreciate what is best in itself will find/discover more and more of what is goodⁱⁱⁱ. It has attracted attention from business because of the increase in capability it offers to deliver change^{iv}.

In this article we discuss how the world will be different over the next decades, describe why business in the West is faced with the need to change, sketch the framework of five qualities that focus organisational change, and explore the use of AI in each, based on case studies and examples.

How will the world be different over the next decades?

The last decades have witnessed some disruptive events – the stock market crash of 1987, the Asian collapse of 1997, the dot.com boom and bust, and latterly, the global financial crisis and recession. Nevertheless, for an extended period, consistent growth and low interest rates provided a benign umbrella. The industrial countries showed steady growth and low inflation, commodity and wage costs remained relatively stable and the populous countries of Asia were content to grow rapidly whilst taking in the low skilled work of the wealthy world.

However, it is now clear that even before the financial crisis broke, concerns about energy, environmental and security issues, food price

increases, growing economic and financial imbalances and asset price inflation suggested that all was not well with this model. Central bankers appeared to have general inflation under control, but their expansionist policies resulted in an associated property and share price boom accompanied by an unsustainable expansion of debt, particularly among UK and US consumers. This, together with the monetary loosening after the dot.com collapse, was one deep root from which the financial crisis grew.

The financial crisis and ----

The collapse of the financial bubble has not only highlighted the scale of build-up in private sector debt and levels of gearing but led to a surge in public sector indebtedness as governments took extraordinary steps to prevent a systemic banking collapse and the risk of a slide into depression. The resulting levels of private and public sector debt, coupled with the scale of public sector deficits now faced by a number of the industrialised nations, will not only take time to work out from the system but the required actions will not be without risk and pain. So, the financial crisis which started with sub-prime mortgages in 2006 has revealed something very different beneath that tranquil surface of the last two decades.

The world ahead of us will be very different. It will be fast-moving and innately challenging. Demographic change and education mean a shift in the patterns of labour skill and cost. The older industrial nations – and China – face demographic and associated political, social and financial challenges as their workforce ages and retires. Further, skills that were once restricted to the industrialised nations are now widely available, further enhancing the shift in international competitiveness towards new entrants. Much the same can be said for technology, which continues its relentless expansion in depth and range. The debt burden of the wealthy nations means that their recovery from the crisis is likely to be slower than that of the new competitor nations. Competition will be intense, and on new terms.

Global systems issues

Global systems issues – economic, environmental and energy – are inextricably interconnected^v.

Economic models will include those based on Eastern, rather than Western, value systems. Environmental pressures will increase due to increased population but also increased expectations of 3 billion middle class. Energy will increase in price until alternative sources mature.

They all require the rich nations to sacrifice some of their power. This combination of power rebalancing and an institutional vacuum implies that the next decade will be a turbulent one.

How can organisations meet this challenge?

Businesses will have to adapt to changes in the nature, structure and location of markets, in the relative and absolute costs of labour and capital, and in the security and economics of their supply chains. Success in the period ahead is likely to require much greater focus on addressing

future uncertainty, on organisational renewal, and on managing the associated risks and requirements for change.

Over the last decades, many large organisations have been managed with a common set of management systems and tools. This use of common tools and technologies has made organisations increasingly similar, intensifying competition. These tools have focused on making the tasks highly specified so that work can be sub-contracted or outsourced, with companies focusing on their core competence. This has reduced the capability of organisations to adapt to change, to renew themselves.

The Cycle of Renewal

Renewal means changing how things are done and what is done. Renewal needs to be purposeful, taking the organisation to a situation from which it can evade the forces of commoditisation by utilising the talents of its people. Renewal needs to match both its current situation and the changing environment. To do this, the organisation needs a number of qualities.

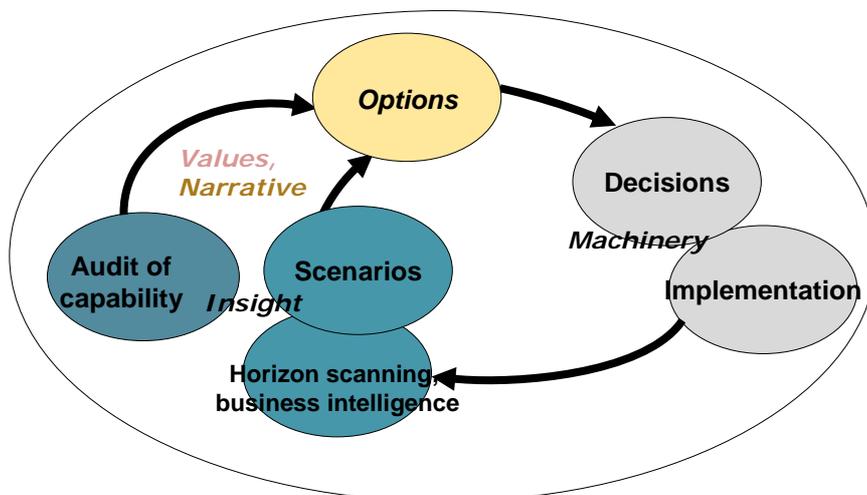
The organisation needs to be able to gain and analyse **Insight**. It also needs a clear sense of its **Values**, the choices which it has made around often intangible issues such as brand positioning, staff relationships and the like. Third, it needs to relate its current activity and asset base to practical ways forward, its **Options**. These are joined by the organisational **Narrative**. The Narrative is the shared set of reflexes that knit the organisation together. The first four qualities of **Insight, Values, Narrative and Option** generation are held together through the operation of the fifth quality, that of **Machinery** - used here in the sense of active and dynamic infrastructure, covering people and processes.

An organisation which is using these five qualities for renewal is what we call a 'Purposeful Self-Renewing Organisation', or PS-RO.

The Cycle of Renewal



Robust decisions in uncertain times



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Figure 1

The role of Appreciative Inquiry in the cycle of renewal

AI has been used to build a set of Core Values in many community settings. For instance, the 2009 AI Conference ^{vi} set as its agenda the questions:

- How can Appreciative Inquiry and other strength-based approaches support the present day developmental challenges of the world?
- How can AI and other strength-based approaches contribute to bringing social justice, addressing equality and reducing gaps between rich and poor?
- How can we leverage the lessons about the transformative power of AI that have already been experienced in businesses and organisations to address the pressing environmental needs of our planet?
- How can we link the power of AI and other strength-based approaches to the most pressing issues of a global change agenda- from improving health and education to creating sustainable communities and deeper personal development?

When an organisation is clear about its Values, it needs to gain Insight into the world both within and without. Insight processes include horizon scanning, scenario planning and audit of internal capability, and these like the processes underlying all the qualities, are iterative ^{vii}.

We provide below a case study in which AI was used to explore Options to improve organisational performance, and one in which AI was central in moving a Narrative forward.

The focus of AI on finding and building on processes that work well is useful for developing Machinery:

1. DISCOVER: The identification of organisational processes that are already working well.
2. DREAM: The envisioning of processes that could work even better in the future.
3. DESIGN: Planning and prioritising processes that would work well.
4. DESTINY (or DELIVERY): The implementation (execution) of the proposed design and what people will commit to do.

Thus Ai is an extremely useful tool in a PS-RO, throughout iterative cycles of renewal. It harnesses the energies of the people in the organisation and unleashes them to create what the PS-RO is becoming in each iteration of its life. It not only builds on past success (for one can't build on failure) but can also engage everyone in the organisation to create purposeful change.

Appreciative Inquiry to develop a renewed Narrative

Organisational Narrative (or community Narrative) changes slowly, but it does move and change as an organisation develops over time. Appreciative Inquiry can be used to assist in developing a renewed Narrative as in the following case study.

Patricia Lustig and some of her Nepali colleagues were working with a village in the Nepalese countryside called Phakhel after they had requested some help. We adapted Ai so that it could be used with illiterate villagers – when we asked them to tell us about a time that they had been proud about what they had achieved together in their village (The Best of What Is), we asked that they drew it on a piece of paper. We separated them into three groups, men, women and children with a facilitator working with each group to ensure that each group had a voice. After the “prouds”, we asked them what kind of a village they would like to have for their children and grandchildren (The Best of What Could Be). When we asked what they could make happen, however, the energy began to disappear – there was some reluctance to move from victim mode (letting things happen) to leader mode (taking responsibility and doing things themselves).

Then, Mr. Pasang Lama, a subsistence farmer with only a few acres who could neither read nor write stood up to speak to the village, ‘We have been bloody lazy! For the past 40 years we have been holding our hands out to receive aid and what do we get? We get fights, we can’t agree on anything, we don’t feel good about our village anymore, we don’t take responsibility or feel proud. Forty years ago we did a lot together because we had to – there was no one to help us. And we were proud of what we had done, we were proud of our village.’ He paused and there was silence. ‘Are any of you proud now? Well, shall we work together and be proud again?’

After his speech, they were at first silent and then the group came alive. People stood up to offer what they could and would do. Some offered labour; some offered money – even if in very small amounts; some offered building materials for a school. It was amazing.

Over several years, returning a few times a year to work with the villagers, they accomplished many things – they built a secondary school, a health post, a nursery school and a resting place for porters all without asking for outside help. They did receive help from an International Non-Governmental Organisation, but this was offered to them – might as well back a winner!

The use of Appreciative Inquiry in this context caused the villagers to stop seeing themselves as needy and victims of circumstance – they could and did tell a different story about themselves, changing the community’s

Narrative. And they were once again proud of their village and what they had achieved together.

Developing Options with Appreciative Inquiry

Patricia was asked to work with a group of high potential managers at an IT company. This team of managers wanted to use Appreciative Inquiry to improve the organisation's profitability. It was already good, but they thought it could be even better. Because of this, they wanted to use a method that would build on the strengths they had.

Together we designed the inquiry around what made happy customers. They reasoned that if customers were happy, profitability would also improve. We ran a workshop with a mix of people from across the organisation, some of their suppliers and some of their customers. We asked people to tell stories about great customer experience.

The most amazing stories came out! Customers came forward with wonderful stories about how they had been treated well, how people from the organisation had really partnered with them and understood their issues. We still remember one of the stories, "The Monkey on My Back." A customer needed the equipment and software that the IT company wanted to supply to him. However, as a new organisation, he was finding financing difficult. The sales person got really creative and came up with a way that the IT company could help him to finance the system that he needed. He said, 'I had a monkey on my back, and you came and offered to take it off my back. I will never forget it!'

When these stories were brought into the larger group, there was surprise among the organisation's staff. While they each knew a story themselves, they were unaware that there were so many wonderful stories. They were unaware of how highly their customers regarded them and the service that they provided. They were very excited to then Dream together about the best of what could be.

From this it became really clear not only what they needed to continue to do (and do more of), but also new things that they could do that their customers would really appreciate. Best of all, many of these things were at no added cost to the organisation. It was truly understanding, in partnership, how they could really serve their customers well. There was so much energy around these options, that they almost happened by themselves and follow up in these areas was almost unnecessary.

Conclusion

We have identified in this short article the relevance of Appreciative Inquiry to the Cycle of Renewal, a task faced by most organisations. By building on strengths, and focussing on processes to connect dreams to delivery, it harnesses the talents of the organisation in line with the structures and methods outlined in "Beyond Crisis".

Additional Resources:

www.appreciativeinquiry.case.edu The Appreciative Inquiry commons with the best collection of articles, case studies and ideas on Appreciative Inquiry that we know of.

www.lasadev.com Articles on Appreciative Inquiry and a Glossary of Organisational Development Terms.

www.aipractitioner.com a subscription e-journal

Appreciative Inquiry: change at the speed of Imagination by Jane Magruder Watkins and Bernard J. Mohr.

Short bios

Patricia Lustig is a Director of LASA Development UK Ltd and a SAMI Fellow and enjoys a varied career in high tech and energy industries and academia specialising in strategy, its implementation and leadership development, helping organisations and communities to develop and grow. She has been using Appreciative Inquiry since 1995 in her work. She is also an Executive Fellow at Henley Business School. (*corresponding author)

Gill Ringland is CEO and a Fellow of SAMI Consulting. She has a B Sc and M Sc in Physics, is a Member of the Institute of Business Consulting and a graduate of the Stanford Senior Executive Program, a Fellow of the British Computer Society and the World Academy of Art and Science. She writes, speaks and consults widely on the use of futures thinking to make robust decisions in uncertain times.

www.samiconsulting.co.uk

ⁱ Ringland, Gill, Oliver Sparrow and Patricia Lustig, *Beyond Crisis: achieving renewal in a turbulent world*, John Wiley, 2010

ⁱⁱ Browne, Bliss, *Imagine Chicago: Ten years of imagination in action*, 2002

ⁱⁱⁱ http://en.wikipedia.org/wiki/Appreciative_inquiry

^{iv} Kinni, Theodore "The Art of Appreciative Inquiry", The Harvard Business School Working Knowledge for Business Leaders Newsletter, September 22, 2003.

^v Conversation with Richard David Hames, March 2010.

^{vi} 2009 AI Conference, <http://appreciativeinquiry.case.edu/conference.cfm>

^{vii} *Beyond Crisis*, as above