Nadler-Tushman Congruence Framework

Idea In Short

Consultants should fully understand the dynamics & performance of an organization when designing & leading large-scale transformations & change initiatives. In addition, the organization's Leaders need a comprehensive roadmap to understand performance issues in their organizations that have a complex setup. David Nadler & Michael Tushman at Columbia University developed the Congruence Model of Organisational Behaviour; this model leverages the systems thinking principles & provides a pragmatic approach to understand an organisation's dynamics.

As consultants, a critical first-step in designing & leading successful large-scale transformation & change change programs is fully understanding the dynamics & performance of the organization. Moreover, your stakeholders - the organization's Leaders - need a comprehensive roadmap to understand the performance issues they face in their complex organizational constructs.

The Model

Organizational theorists David A. Nadler and Michael L. Tushman developed the Congruence Model in the early 1980s at Columbia University. It is a powerful tool to identify the root causes of organizational performance issues and how you might fix them. This model is a simple & pragmatic approach to tackling such issues on organisational dynamics. Based on systems thinking, this method requires a preliminary look at the inputs & outputs of an organisation. Subsequently, this model helps forge the strategy or roadmap to achieve the goals. At the heart of this model is the formal & informal processes that people use to get things done.

Components of the model

According to Nadler & Tushman, four key elements determine how work happens, namely:

1. Work itself
2. People that perform the work
3. Formal organisational structure
4. Culture & operating environment

It's based on the principle that a team or organization can only succeed when the work, the people who do it, the organizational structure, and the culture all fit together. In other words, when they are congruent with one another. In their view:

> When a broad & significant change occurs in the organization, the first question many people ask is "What's in it for me?" or "What's going to happen to me?" This is an indication of the anxiety that occurs when people are faced with the uncertainty associated with organizational change.1

Application

For example, you may have a brilliant team working for you. But, if your organization's culture is not a good fit for the way they work, their brilliance won't shine superior organizational performance. Similarly, you can have the latest technology and processes. But, if the organizational culture is bureaucratic, then the decision making will be slow and organizational performance suffers. The Congruence Model offers a systematic approach to analyze & resolve such conflicts. Based on systems thinking, this model proposes that a change impacting one area will have a domino effect on other areas. Hence, consultants can correctly apply this model to change scenarios. As an organizational leader, you should understand how these critical components work together in unison to achieve the desired outputs. In short, this model considers the four factors that allow transforming inputs into outputs.

Work

This refers to the tasks that the employees carry out. As an organisational leader, you should ensure that the tasks are consistent with the objectives you have set for your organisation. It should be crystal clear what skills & knowledge are required for each task. In addition, the organization should possess the skills & knowledge in the required quantity & quality. This element covers all areas of the process in getting your input as a company

through to your output. That might be manufacturing with physical machines or software development with developers producing code.

People

People are an important part of the organisation and the congruence within it, and form a critical element of the Nadler-Tushman Congruence Model. The organization's leaders should know their employees, their working styles, competencies, skills & knowledge they possess, their personal characteristics, their experience, and professional qualificiations they have acquired. They should also known how their people prefer to be individually rewarded and compensated for their work. For motivated staff, it's also important that they should be able to develop potential within themselves.

Structure

This is the formal aspect of the organisation, which includes policies, procedures, processes & all business systems. It creates consistency between what an organisation wants & what it does. Although aligning the work from the first of the four elements is important, aligning the organisational structure is even more important. A company that responds to new market developments needs a flexible corporate structure that is able to quickly adjust to the changing market. A company chain with outlets in various regions would benefit more from a hierarchical structure with regional managers.

Culture

The corporate culture consists of values and norms, behavioural patterns and rules, both written and unwritten. This is the softer aspect of the organisation & includes the purpose, vision & values as well as the generally accepted behaviours, working style, etc. All these aspects comprise the informal constructs of the organisation. The corporate culture also has great influence on the way it supports and stimulates the corporate results. Sometimes, an organisation's culture needs to change before the organisation is able to adjust to a new business focus. A relaxed, informal corporate culture may work well for a startup, but will need to become somewhat more hierarchical upon growth.

The Congruence

The basic concept behind this model is that whenever you do an action as a Leader or a Consultant [inputs], you will always impact all four dimensions. You will achieve the desired output only if the system is Congruent.

Case - Travel Expenses

For example, assume that you identified that travel expenses are growing, & want to limit this growth. The typical reaction would be to induce Change by focusing on the formal organisation by introducing restrictive travel policies. However, if your company has a very dynamic entrepreneurial culture, a restrictive travel policy can potentially demotivate your staff. Employees might engage in activities to try & trick the system, thereby creating more expenses. The policy might also increase the number of unnecessary steps in the travel approval process & the need for people to get more skills as they process their expenses. As a result, this policy change can unleash more issues than it solves. To achieve Congruence, the model foresees a step by step approach, which allows to investigate where gaps exist & act upon those.

Advantages

The Congruence Model is a framework conceptually similar to McKinsey's 7-S, as it looks at giving a holistic picture of the components of the organisation that can affect a change. It has the advantage of being a bit simpler in the definition of its components. Still, above all, it introduces a very typical concept of Systems Theory which is the feedback from the organisation to external input. Whereas the McKinsey's Framework is typically a static model (you identify an AS-IS, & maybe a TO-BE), this model is based on the effects that the Congruence Model has on a change initiative. As such, it can also be used during the Change Process. The congruence model provides a rigorous framework for analyzing complex organizational problems. The model does not place restrictions on managers, according to management consulting firm Oliver Wyman. It is a tool for thinking through organizational problems, not a rigid template for classifying observations. It does not specify a particular approach for designing organizational structures or processes as long as there is a fit between the various components. The model also helps companies think through the impact of change management on organizational interactions and performance. The social components -- people and informal structures -- and technical components -- tasks and formal structures -- must fit as part of the congruence model. For example, if the product manager is not on speaking terms with the marketing manager, there could be design delays

and poor market penetration.

Disadvantages

It is still complicated, especially in the definition of the components. Moreover, it requires a level of abstraction & detail that is not always easy to achieve in traditional organisations. Which means that external support is needed. Applying the congruence model could be a long and expensive process, especially for global organizations with several business units and thousands of employees. The model does not specify a direct way for incorporating group dynamics into organizational analysis. The absence of a structured template, while giving managers flexibility, might also limit their ability in quickly coming up with proven solutions to organizational problems. The application of this model may exclude the possibility that the absence of a fit does not necessarily imply a problem because there may not always be a perfect fit between tasks and individuals, especially in small entrepreneurial companies. However, this should not limit effectiveness because companies have to adapt continually to changes. For example, training and mentoring programs could bring new employees up to speed on new responsibilities.

Summary

The congruence Model is an excellent concept & approach to illustrate how an organisation should be considered a living organism. This framework allows us to consider the fuller picture of change & not just the inputs or outputs. Hence, this framework is great as a diagnostic tool. However, it still does not provide full guidance on how to execute the change process. Hence, this framework requires the support of other tools.