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**Mobilizing the  
Informal  
Organization**



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# Mobilizing the Informal Organization

Getting more performance from your people while facing today's recessionary challenges

"It has changed the way I think about management"<sup>1</sup> is how Michael Sabia, Bell Canada's former CEO, reflected on his experience with the informal organization. Increasingly, we are finding that senior leaders are looking beyond traditional management approaches to get the most from their organizations—particularly in challenging economic times where every performance boost counts. In our research and client experience, we have found significant potential in mobilizing the values, personal connections, and emotional drivers that make up the informal organization.

In spite of many leaders' concern that the informal organization operates by its own rules, its impact on performance doesn't need to be left to chance. By considering how the informal organization can support the formal, and by managing each in its own way, leaders can guide the informal organization and achieve results beyond what their formal organization alone can deliver.

Our goal in this white paper is to describe how the informal organization drives performance results. We will share several examples of how the informal organization helped to drive innovation, cut costs, accelerate restructuring, improve quality from partners, embed performance accountability, and improve customer service. We will also share some principles for mobilizing your informal organization to achieve similar benefits.

### What Does Balanced Integration Look Like?

Companies that “jump together” have a number of characteristics in common, including:

- **Day-to-day actions that align with long-term strategic intent.** People at all levels understand how company aspirations translate into their daily work. They are emotionally and rationally committed to the critical aspects of their jobs
- **Collaboration that solves problems at all levels** of the organization, particularly in cross-hierarchy and cross-silo interactions. People use established processes or quickly develop norms to fix problems together
- **Distributed accountability for performance results** that are driven through efficient management processes and complemented by informal reinforcement. People follow the rules and appropriately improvise exceptions to achieve their goals
- **Values that are shared and reinforced to guide behaviors**, particularly in uncharted situations where precedents don't exist. People find the organization's values resonate with some aspect of their own beliefs

## 1. Balance is the Key: Jumping Together

Like most companies in the telecommunications industry, in 2003 Bell Canada found itself in the midst of a major technological and cultural change effort. The old methods of communicating—through telephone lines and copper cables—were rapidly giving way to broadband wireless connections and Internet protocols. For Bell Canada, this also meant shrinking profits and market share.

When we first met Sabia, he described the Bell Canada change challenge as “not getting nearly enough traction across the 35,000-person workforce.” Bell had already defined a clear strategy, instituted streamlined processes, and launched a number of formal programs to reduce costs and build new capabilities. But Bell's workforce remained confused, frustrated, and anxious about the path ahead—employees were almost like “deer in headlights.” Bell's problem was typical of many large, complex organizations facing the challenge of rapidly changing market conditions that require different behaviors in many parts of the organization. The company had put in place the right formal measures, but Sabia knew that Bell needed something more.

That is when he started to mobilize the informal organization. Within a few years, Bell Canada had an army of 2,500 “pride-building” managers adopting new behaviors to engage and motivate the frontline. This was all supported by a newly energized core of upper-level managers—a leadership level previously characterized as the “frozen tundra” through which change couldn't penetrate. This emerging cadre of leaders achieved breakthroughs in performance in different parts of the organization: increases in employee engagement of 20-40%, increases in customer satisfaction up to 40%, and increases in revenue up to 20%. Bell Canada achieved these results by mobilizing their informal organization, not in the faddish ways of improving “social networks” and “employee engagement” for their own sake, as current conventional wisdom might suggest. Rather, they applied a discipline to mobilizing the informal organization so that the integration with their formal organization led to breakthrough results.



When organizations balance and integrate the formal with the informal, they “jump together” for breakthrough performance results.

The question facing most companies today—both poster children for the informal organization like Facebook and for the formal organization like IBM—is: “How do I make tradeoffs between the formal and informal?” They very much want to capture the advantages that informality can bring: innovation, speed, flexibility, spontaneity, and cultural vitality. On the other hand, they don’t want to lose the benefits of formality: efficiency, consistency, scalability, quality, and cost control. We believe the answer relies less on tradeoffs between the informal and formal, and more on finding ways to integrate the two so that they “jump together”. Too many companies leave the integration challenge to instinct and chance, but getting the informal and the formal to work in sync takes ingenuity and effort.

The most successful organizations are the ones that create their own rules for informality, and adapt those rules to fit changing situations without leaving the formal by the wayside. They maximize organizational effectiveness by finding the point at which the informal and formal organizations “jump together,” and they learn to shift this point when market conditions change. This is easier said than done. Arriving at the balance point is difficult for leaders who are habitually torn between the formal and the informal. They may think of themselves as champions of the informal, rebels and mavericks who see their companies as Davids ready to knock off the established Goliaths. Typically, however, these leaders have been trained in a formal discipline—finance, technology, operations, or one of the hard sciences. As a result, they are constantly trying to accommodate two opposing impulses: to set everything free on the one hand and to nail everything down on the other. Mobilizing the informal organization therefore requires a different mindset and a wider range of tools than may be familiar to, or even comfortable for, most leaders.

Add to this challenge the emotional stress that arises out of the organizational struggle to drive down costs without losing options for growth in today’s economic environment. While no one can predict economic cycles, two things are now certain. First, conditions will remain tough for some time. Second, conditions are bound to improve eventually. Organizations that use their informal organizations to drive cost discipline during the tough times, and to respond to opportunities when things get better, will be well positioned when the economy recovers. Simply put, you will need significant informal help in the down times as well as the high times.

This is more than just interesting organizational theory. It is an important tool for leaders to improve organizational results. In the next section, we describe how different organizations have addressed common performance challenges by making good use of the informal organization. The examples include:

- Innovating through Guided Connections
- Energizing Employees to Cut Costs
- Accelerating a Restructuring with Informal Help
- Driving Performance Commitment from Outsourcers
- Creating Accountability through Collaboration
- Improving Customer Service through Values

### What Does Balanced Integration Look Like? (Cont’d)

- **A steady stream of innovative products and services** enabled by the constant circulations of new ideas from inside and outside the organization as well as disciplined execution and use of development resources to drive the best ideas to market
- **Communities and networks that grow organically** to supplement and cut across defined groups and processes. They prefer to introduce formal pathways only after they have allowed informal trails to develop.
- **Institutional empathy with customers and partners** that drives the right kind of coordination, collaboration, responsiveness, and discipline across the organization beyond what is codified in rules and roles. Customers and partners are motivated to help the organization succeed
- **Employees who are proud of their work and motivated** by a range of employee value propositions to satisfy people with different goals and ambitions. Leaders look to both formal and informal rewards and recognitions to enable employees to relate their work efforts to whatever their personal definitions of success might be

## 2. Jumping Together to Address Business Challenges

When companies rely too heavily on the formal organization, they pay for it in responsiveness. And when they rely too heavily on the informal organization, they tend to lose rigor and efficiency. But as the following stories illustrate, successfully mobilizing the informal organization so that it balances with the formal can yield profound improvements in both the efficiency and effectiveness of any company and its workers.

### Innovating through Guided Connections

Google has retained a start-up culture while growing at a rapid pace because its leaders have paid attention to striking the right chord between the formal and the informal. Where other companies of Google's size would emphasize formal structures and procedural policies, Google has managed to protect its greatest asset—a healthy informal organization. It has consistently stayed on the cutting edge of technological advancement, in part because of its informally-charged collaborative energy and innovative spirit.

To foster an open environment and the free flow of ideas, Google has architected its workspaces to facilitate surges of creativity and to energize workers. With open pods instead of offices, lava lamps in the lobby, and exercise balls on each floor, the Google complex is really a kind of campus in which employees at various levels can intermingle. Complete with on-site dry cleaners, barbers, and swimming pools, the Google campus is not just a place where employees work, but also a place where they live out many aspects of their personal lives: employees run errands, relax, and socialize with colleagues there. Known for perks like free chef-prepared cuisine available all day, Google has continually experimented with creative ways to keep its engineers energized and efficient, and to bring them together in new ways.

For example, Google began offering free commuter bus rides in 2007, ferrying employees between the Google campus and various neighborhoods in and around San Francisco. Not only has the shuttle bus program enhanced efficiency, but the buses have also brought together a slice of employees who share a neighborhood in common. In this manner, Google has informally linked employees in an extraordinary way, providing an opportunity to create cross-company connections that would not otherwise have been easily made.

The physical environment is not the only way in which Google cultivates its informal organization. As policy, Google employees are encouraged to spend 20% of their time working on projects of their own choosing and design. To turn ideas into products, Google employees will often join "grouplets" with other like-minded people to form a kind of working group. These "grouplets" are completely informal: they have no structure, minimal budgets, and almost no decision-making authority. But they are full of passionate people who chose that project because they were curious and ready to commit themselves. Ultimately, this commitment to cultivating the informal organization and integrating it with the growth of the formal organization is what has enabled Google to maintain its high level of inventiveness.

In today's difficult economic environment, Google has evidently begun to shift the balancing point between the informal and formal organizations. A recent article in *The Wall Street Journal* titled "Google Gears Down for Tougher Times,"<sup>2</sup> references a number of new formal measures put in place by the company to cut costs. For instance, Google is standardizing and tightening their

Where other companies of Google's size would emphasize formal structures and procedural policies, Google has managed to protect its greatest asset—a healthy informal organization

budget process. They have also implemented quotas for salespeople. Remarking on these changes, Thomas Eisenman of the Harvard Business School is quoted as saying: “Letting a thousand flowers bloom and letting many of them stall and go nowhere has worked well to this point...but if you want to be the dominant advertising network across every medium, you need more top-down management.”

While Google is introducing formal measures, they are likely to do it in ways that integrate with their informal organization. When we spoke with Shona Brown, Google’s SVP of Business Operations, and Laszlo Bock, VP of People Operations, several months ago, they pointed out the importance of adding formal structures and mechanisms without disturbing the informal organization. As they put it, “Imagine that you are deciding where to put the paved pathways across campus. You could, of course, design the pathways efficiently in advance. Alternatively, the Google philosophy would be to let everyone walk to create natural footpaths in the grass—even if they are crooked and not symmetrical. Only then do you eventually pave over those informal footpaths and make them official walkways.”

### **Energizing Employees to Cut Costs**

In two years, Reliant Energy, a Houston-based retail and wholesale electricity provider, had to cut nearly \$340 million in operating costs out of a base of approximately \$1.3 billion. Despite the painful cost cuts, Reliant actually managed to increase employee motivation and commitment. In fact, measures of employee satisfaction and pride went up about 20 to 25 percentage points on questions like “Do you believe that this is a great place to work?” and “Are you proud to work at this company?” These achievements were only possible because Reliant’s leaders pursued an integrated approach to managing and mobilizing the formal and informal organizations.

Between 2001 and 2002, Reliant’s world changed dramatically. With the bankruptcy of Enron and the deregulation of the Texas electricity market, the company was suddenly plunged into a sea of uncertainty. Reliant’s challenges became even more pressing when a credit crunch in 2002 constrained the company’s finances. Any one of these challenges could have sunk Reliant; all of them together spelled almost certain disaster. Not only did the company have to respond to financial constraints and marketplace uncertainty, but it also had to stabilize its internal organization by building a culture of confidence and integrity. In the end, Reliant managed to pull off the impossible and survive. It was Reliant’s intricate understanding of the informal organization that allowed them to do so.

Formal cost-cutting and a streamlining of the company’s processes were obviously necessary, but in order to determine how to make those changes, Reliant’s leaders took a hard look at the informal side of the company. With help from Katzenbach Partners, Reliant’s leaders realized that if they used their values to make tough choices, they stood a fighting chance of turning the company around. For Reliant, this form of integration—viewing the formal through an informal lens—proved to be the golden ticket.

Reliant survived because it acknowledged the power of the informal in uniting the company and keeping it on the right track, even when times were tough. Reliant’s Board of Directors recruited Joel Staff to be CEO because of his reputation as a turnaround veteran who knows that creating a values-driven culture is the key to long-lasting success. Joel instilled firm values from the

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top-down in both formal and informal ways. He consistently encouraged his senior leaders to maintain absolute integrity, focus on respectful collaboration, and speak “straight talk” through open, honest, and frequent communication. Joel’s senior team energized people for the fight ahead by gathering groups of informal leaders and creating purpose-driven councils to inspire collaboration-based innovation. Reliant also provided channels for people to air concerns and voice ideas. When painful layoffs were deemed inevitable, Reliant made its decisions quickly and worked to ensure that the process was as transparent as possible. In doing so, Reliant not only executed a dramatic turnaround, but created a strong culture through the powerful motivational impact of the collective experience that thrives to this day. Today, Reliant is struggling to overcome the literal perfect storm: a combination of the devastating effects of Hurricane Ike on Houston and Galveston, and the near-simultaneous meltdown of the credit markets. To the best they can, they are drawing on the capabilities developed in earlier challenges to help weather this storm.

### **Accelerating a Restructuring with Informal Help**

In January 2007, life for the Zachry Group was good. Over its 83-year existence, the privately-owned, third-generation-led company had grown and diversified significantly. From its beginnings as a small highway constructor in 1922, it has emerged as an international provider of diverse construction services including engineering, quarrying, and both civil and industrial construction. On more than one occasion during this unique entrepreneurial journey the company had confronted and survived the two lethal assassins endemic to the industry: down economies and large, unprofitable projects. As a result, Zachry held a strong position in all of its markets, so strong, in fact, that the company was being forced to turn down opportunities due to financial or operational limitations. Faced with this predicament, Zachry’s leaders enlisted Katzenbach Partners to help divide the company into two separate enterprises, and thereby change its formal strategic and operating approach—a tremendously high-stakes decision to have been made under the circumstances.

Zachry’s leaders knew that they needed to ensure their employees understood clearly the rationale for the restructuring, what it would mean for the company, and what it would mean for each of them. This informal understanding would need to be integrated into the formal processes in order for employees to remain excited about future possibilities. Additionally, the leaders wanted to ensure that various organizational networks and other informal communities would not be seriously damaged in the transition. Finally, the Zachry family wanted to be sure that the impact of the restructuring on Zachry’s proud history and culture was taken into careful and explicit consideration during the planning process.

In an effort to achieve these goals, Zachry built a Culture Team that consisted of one individual from each of the future organizations. To protect the existing informal organization, the Culture Team focused on identifying key connectivity issues, taking the pulse of employees, and interpreting the broader implications of emerging reactions. As they focused on clarifying the cultural attributes critical to Zachry’s identity and considering the cultural implications of future plans, they utilized different elements of the informal organization to ensure that the formal changes would be implemented with as much success as possible.

**Zachry’s great challenge was to move to a new state of balance in the two separating entities without damaging or losing the key aspects of their informal organization as a result of this major change process**

In the end, the formal pieces of the restructuring process were fairly straightforward for the Zachry organization to assess and understand. Their great challenge was moving to a new state of balance between the newly formed entities without damaging or losing the key aspects of their informal organization. Today, Zachry is well on its way to transforming one successful, family-run company into two separate thriving businesses. What Zachry learned through this process will no doubt serve both businesses well in today's tough economic climate.

### Driving Performance Commitment from Outsourcers

In today's flat world, it is common for organizations to enter into a fluid partnership with other organizations for a variety of reasons. Outsourcing is a common cost-cutting measure in which one company transfers certain business processes to a partner company. It can be a tricky relationship in that the original company loses direct control of these processes. In particular, the company can lose control over its ability to motivate different levels of service, and instead receive negotiated levels of service in exchange. The good news is that formal arrangements that legally create the "stick" in a partnership can be supplemented by informal mechanisms that provide a balancing "carrot."

In the autumn of 2004, Gregg Sheehy, a contract relationship manager, took over the relationship Bank of America (BoFA) had with TeleTech at an outsourced customer support call center with roughly 1,000 representatives. When Gregg began working with them, TeleTech was the worst performer among the bank's group of ten customer service call centers.

As the new relationship liaison, Gregg recognized that the formal contract merely represented a minimum bar that BoFA needed TeleTech to meet. Gregg knew that with the right motivation, TeleTech could easily surpass its contractual standards. He surmised that the ideal way to achieve a breakthrough in performance was to integrate the formal notion of the contract with informal, pride-building components—trust, mutual dedication, and pride in the work itself. To that end, however, he would first have to learn what TeleTech needed from BoFA.

In the twelve months before Gregg arrived at TeleTech's call center, the employees had seen three other BoFA executives come and go. "As I walked in the door," he explained, "I could sense immediately that there was a credibility issue. And when I asked the people at TeleTech what I could do to gain credibility with them, they overwhelmingly told me, 'Stay in your job!'"

So Gregg gave them his word, right at the outset, that he wasn't going anywhere soon. He promised to stay the course with everyone there, no matter the challenges. He walked the floor, talking to customer service reps, to find out what the culture of the company was like. He began developing trust-based relationships with members of the leadership team and other key influencers. He got to know them personally, took them out for drinks, shared stories, and paid attention to individual needs. Largely thanks to the informal connections he formed, Gregg was able to build a very different type of relationship with TeleTech employees than his predecessors had been able.

Within three months of Gregg's start date, TeleTech rose from a last place to a first place performance ranking. This was a result of Gregg's determination to: 1) tap into employee pride by giving them a high goal to aim for, 2) develop informal networks of personal, trust-based relationships at all levels, and 3)

Formal arrangements that legally create the "stick" in a partnership can be supplemented by informal mechanisms that provide a balancing "carrot"

provide consistent, reliable support by making himself available to his employees and demonstrating how much he believed in their ability to reach the goals he had set. When companies turn to outsourcing as the solution to an increasing number of strategic and financial challenges, the limits of formal contractual interactions quickly become apparent, whereas the emotional interactions and rituals of the informal organization and its power to motivate performance remain potent, even across institutional lines. Our conversation with Gregg reminded us of conversations with other “master motivators” who instill pride in the day-to-day work of the frontline. What makes Gregg unique is that he was doing it so effectively across established institutional boundaries.

### **Creating Accountability through Collaboration**

Lily Din Woo is known by some as a particularly “scrappy” principal at the Hernando DeSoto School in Manhattan’s Chinatown (PS 130). When Lily took over at PS 130 in 1994, the school was in dire need of a turnaround—it was barely meeting minimum performance requirements and in serious danger of facing state-mandated closure. Fifteen years later, Lily has pulled off an incredible educational feat, turning PS 130 into one of New York’s best public elementary schools. Today, PS130 scores in the top 10% of the city. Lily achieved this feat largely because she found creative ways of tapping into the informal to balance the formal elements of the organization. She is a model if not master of “finding a way” to get it done, be it through formal or informal means.

Principals like Lily are all too rare in the “middle management” of city educational systems. They need to ensure students are well-educated within the constraints of bureaucratic processes, which is no small task. New York City’s Department of Education (DOE) has a long history of instituting unwieldy bureaucratic measures that frustrate and discourage many well-intentioned principals who try to make necessary changes while still adhering to the rules. In marked contrast, Lily has plowed past the piles of paperwork and excessively exhaustive protocol policies. She has worked tirelessly to create emotional bonds with her teachers, reach out to parents, and connect with people from all over the city who can help her achieve her goals.

Though Lily worked her magic by coloring outside the lines of the DOE’s formal organization, the chancellors in charge of New York’s public schools recognized the opportunity that Lily and other “scrappy” principals like her represented. The chancellors actually wanted to see more innovative and collaborative behaviors in the school system, particularly among principals, but they just couldn’t seem to get traction for these behaviors.

Realizing that principals are slowed down by excessive red tape and administrative roadblocks, the administration began several initiatives that focus on mobilizing the informal organization more effectively. For example, in 2006, New York unveiled a program called Empowerment, an initiative designed to give more independence to principals who have proven themselves to be masters of the informal organization. The idea was to bring decision-making powers to a level that is much closer to the students. In the old system, all policy changes had to be approved by the relevant superintendents, who in turn had to submit to other bureaucratic processes for getting changes approved. Under the Empowerment program, principals can make autonomous decisions for their schools. Principals of Empowerment Schools have greater flexibility in making curriculum decisions and more freedom over budget allocation, including control

The intent of the Empowerment program is to achieve a better performance balance by bolstering the informal organization and eliminating the prohibitive the needless bureaucracy of the formal organization

over an increase of \$100,000 or more in discretionary funding. In exchange, the principals sign four-year performance agreements and are held to a higher degree of accountability for the overall success of their schools.

To many within the education sector, Empowerment is more of a revolution than a reform. The intent of the Empowerment program is to achieve a better performance balance by bolstering the informal organization and eliminating the prohibitive bureaucracy of the formal organization. Under Empowerment, principals are supported by a team of administrators who assist with curriculum changes, staff development, and financial budgeting. Unlike the traditional model, wherein principals report to superintendents, the DOE's Empowerment support team reports to a network of 20 or so principals. The Empowerment support team actually works for the principals instead of the reverse, a shift that is formally enforced because the administrators' bonuses are determined by the principals they serve. The Empowerment experiment has already shown dramatic results, as more and more principals like Lily Woo take bold risks in leading their schools.

Too often, energized CEOs feel that the internal bureaucracy of their organizations is too stiff to be overcome with change. However, every organization has the potential to drive organic change, as seen with this example from city government, long thought of as the paragon of bureaucracy.

### Improving Customer Service through Values

Driving long distances, lifting heavy boxes, and moving bulky furniture are not glamorous duties. In fact, these are tasks most of us are loathe to do. However, most of us who try to get the heavy lifting done by commercial movers are almost as frustrated by the experience as if we had done it ourselves. In marked contrast, the employees at Gentle Giant, a moving company with sixteen regional branches located primarily in New England, love their jobs. Gentle Giant's workers load and unload with vigor and enthusiasm. In an industry notorious for high turnover and poor customer service, Gentle Giant's leaders have found a way to attract dedicated, capable employees and keep them engaged, even though their tasks seem repetitive and strenuous. The company is thriving, with rapid expansions underway throughout the Eastern seaboard.

Gentle Giant's vibrant success is due to many factors, but of particular note is the company's emphasis on the value of "athleticism." The company's founder, Larry O'Toole, believes moving is hard work and that movers have to be in shape. He has fostered an athletic atmosphere at Gentle Giant that goes all the way back to the company's roots—when it first started moving homes more than 25 years ago, Gentle Giant began by recruiting athletes. Everyone knows the stereotypical image of a mover—someone who takes long smoke breaks and moves slowly—but Larry had a different vision. He wanted his movers to be rowers, with lots of upper body strength and stamina. To this day, many of Gentle Giant's movers and office staff come from crew teams. Even the terminology at Gentle Giant still revolves around rowing metaphors: as opposed to being on trucks, the crews at Gentle Giant pile into "boats."

One of the first training challenges posed to new movers is to run up and down all the steps in all of the sections of Harvard Stadium—it is a company tradition. Though it sounds a bit unusual, this element of training emphasizes Gentle Giant's values of athleticism and teamwork, so much so that Larry joins in the exercise as often as he can. Because everyone at Gentle Giant has to pass through this rite of passage, the stadium climbing tradition brings the company together in what is obviously a memorable shared experience.

The strong success of Gentle Giant is due to many factors, but of particular note is the company's emphasis on the value of "athleticism"



This training challenge is more than a mere test of wills; the strength and athleticism required to complete the challenge must also be applied skillfully to the moving of furniture. All employees who join the company enroll in “Gentle Giant 101”, a course in which they learn the basics of moving as well as about the company’s history and values. From there, movers continue to train on a frequent basis, regularly learning new techniques and perfecting their skills in moving. Moving a piano is not only strenuous; it also requires precision and practice. Gentle Giant’s training team knows the importance of equipping their movers with these skills before allowing them to walk on to a new job. The company even gives out “Passports”, so movers can collect stamps and track the skills they’ve learned: there are 50 or so modules for learning how to move particular items like china or desks; when a mover successfully completes a module, he or she gets a stamp.

Because of Gentle Giant’s culture of athleticism and Larry’s zeal, the movers at Gentle Giant are dedicated to their customers and speedy with their work. The company’s services are relatively expensive, but typically in the first 20 minutes customers realize that Gentle Giant is the right company for the job. Would you believe that many Gentle Giants actually run back and forth to the truck after each “lift” to expedite the process? While it reflects their inherent desire to stay in shape, it also convinces the customer that he/she is in the hands of a very special breed of movers. It is also common practice for each member of the moving team to personally introduce themselves to each member of the family, and to offer their help with little tasks that have nothing to do with the moving contract, such as emptying the clothes dryer.

Symbolic actions are important to help leaders “walk the talk,” and coupling those actions with significant events or locations helps make them even more memorable. At the age of 56, Larry (like Sylvester Stallone in the popular Rocky movies) still runs up and down all the steps in the Harvard Stadium during the important first events of onboarding that new Gentle Giants experience. As Gentle Giant grows, these values-driven traditions keep future generations of Giants connected to the company’s core vision and ensure delivery of a consistently outstanding customer experience. More importantly, they serve as the foundation for expansion and growth while sustaining the strong informal enablers for the frontline to take pride in delighting customers—particularly when it can’t otherwise be monitored or measured.

**In these unpredictable times, steering an organization with both formal and informal levers is critical to the organization’s survival**

### 3. Principles for Mobilizing the Informal Organization

We are often asked how to “manage” the informal organization. The word “mobilize” is perhaps more appropriate, not just because it’s a more accurate term, but because it highlights that a different approach must be taken with the informal organization than senior leaders are used to taking with the formal organization. We use the term “mobilizing” to express the idea of putting into motion those processes that enable groups to unleash the full potential of their own emergent ideas and approaches. It implies that specific solutions will emerge once a few prods in the right direction are provided.

While there aren’t any hard and fast rules for how best to tap into the informal organization, there are a few principles that apply to most of the situations in which leaders have successfully mobilized their informal organization.

### **Know what behavioral traction you need**

Too often, ambiguous terms like “engagement”, “collaboration”, and “energizing” are used to describe desired behaviors. These terms are too abstract to pinpoint the changes needed to bring about desired outcomes. Being specific about what and where new behaviors are needed creates the necessary focus to guide the energy from the informal organization to complement the formal organization. Achieving this specificity requires a deeper understanding of what needs to be achieved, clarifies expectations for change, and makes it easier to find existing role models within the organization.

Answering two questions effectively will strengthen the business performance improvements that can be achieved from a sharper focus on the informal organization: 1) “Which employees are most critical to driving performance”, and 2) “What do we need them to do differently?” For example, do you need your sales people to emphasize quality over price? Middle managers to drive execution of a cost reduction program? Country presidents to localize product marketing? The frontline to improve customer service? R&D to create a stream of new products?

### **Draw on mechanisms that already exist and extend their influence**

Most people’s instincts in addressing behavior change needs are to design new formal elements like special training programs, targeted metrics, and formal procedures and incentives to enforce the behaviors they want in the relevant populations—that is managing. When you mobilize, it is wise to assume that an important part of the answer to the problem already exists somewhere in the organization. Your job is to find out who or what is already causing the right decisions and behaviors to occur, and extend that influence.

Start by taking a careful look at existing mechanisms—people, networks, values, norms, or metrics—that are already helping instill the behaviors you need. Since you will already have sharpened your focus on what kind of traction you need, you now need to find those individuals who are already performing those behaviors and mobilize them to help solve your problem.

### **Catalyze viral chain reactions**

All organic change has a limited lifespan. The goal of sustained change is to build momentum and get to a tipping point as quickly as possible. Identify or develop a set of reminder mechanisms that will exponentially accelerate the adoption of new behaviors and keep them going long after the initial appeal of novelty has worn off. The informal organization works best when it draws on its own energy, somewhat like a nuclear reaction. It can, and should, be guided, but growth should be expected to take some unpredictable turns. This can be a departure from the comfort zone of many managers: while mobilizing the informal organization, it is possible to unleash a tremendous amount of energy that managers may not fully be able to control.

We like the metaphor of a chain reaction because the informal organization often works in ways that are exponential rather than linear. For example, while a formal training program may have the capacity to train 100 salespeople in a month, an informal approach that involves salespeople sharing positive experiences with their colleagues may have much larger capacity. If each salesperson shares his/her experiences with two other salespeople every month, the number of salespeople affected grows exponentially instead of linearly. While the math is illustrative, the effect of viral dissemination is real.

### Capitalize on the wisdom of respected exemplars

There are almost always exemplars in the organization who are already demonstrating the behaviors that you want more people to adopt. Ambassador Mark Wallace (see below) referred to these exemplars as his “fast zebras” and described them as invaluable to him in navigating the United Nations. As you search for what already works, you should be looking for the one or more individuals who already embody the critical behaviors that you want to see multiplied.

The informal organization is fundamentally about people and the relationships between them. In most areas where there are gaps between what you would like to see happen and what is really happening, chances are that someone is already bridging that gap with their actions. For example, in a retail sales force with lackluster customer service, there are bound to be one or more associates who consistently “wow” customers. Do not forget that there will always be a few fast zebras who achieve and exceed expectations. Seek them out!



Ambassador Mark Wallace, the US Representative to the United Nations, uses the term “fast zebras” to describe his go-to people that help navigate the informal organization at the UN to get things done within its byzantine bureaucracy.

As Mark puts it, you need people in your organization who know how to visit the watering hole and drink quickly, without falling prey to predators working in the shadows. These “fast zebras” know how to balance the formal and informal organizations to get exactly what they need. They are the kinds of people that know the informal organization expertly and flourish in organizations that “jump together.”

## Conclusion

By keeping an eye on how the informal and formal organizations can be complementary, balanced, and integrated, the needs of an organization become clear and practical solutions present themselves. While a formal process makes a certain task efficient, underlying informal networks can organize individuals quickly and effectively to resolve issues that can't be addressed by the process itself. And while a formal performance bonus can motivate top salespeople, instilling pride in improved negotiation behaviors can motivate the larger group of middle-of-the-pack performers.

In these unpredictable times, steering an organization with both informal and formal levers is critical to the organization's survival. When the going gets tough, the informal organization is important in helping inform difficult decisions regarding employee motivation and change management. When things get better, the informal organization is important in identifying new growth opportunities that lie beyond those for which the core formal organization has planned.

If there is one constant that high performing organizations have to deal with, it is balance-disrupting change. This is why integrated solutions are ultimately critical to the long-term success of any organization. When the right balance point is found, an entire organization can "jump together."

## Endnotes

<sup>1</sup> "The Hidden Workplace," *Fortune Magazine*, July 23, 2008.

<sup>2</sup> "Google Gears Down for Tougher Times," *The Wall Street Journal*, December 4, 2008.

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