



# Developing Guiding Principles Through Dialogue

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## Abstract

In complex business environments, management teams often draw on knowledge structures when making decisions. More specifically, it has been proposed that management teams respond to critical incidents through the use of *guiding principles* as heuristic devices that draw on emotionally grounded narratives. Because of their importance in guiding managerial decision-making, a more in-depth exploration of the process qualities of how guiding principles may be developed is needed. Based on a theoretical examination of a similar knowledge structure—the mental model—we propose that such development processes will be more effective if they involve *dialogue*. More precisely, we argue that guiding principles can be actively developed in a conversational process of dialogue involving inquiry, divergence and convergence. We illustrate our theoretical suggestion with an indicative case study of two management team workshops in a European-based telecommunications firm.

# Developing Guiding Principles through Dialogue

## Introduction

In business environments characterized by rapidly and discontinuously changing demand, competitors, technology and regulation, management teams are frequently required to make strategic decisions based on imperfect information (Eisenhardt, 1989). In such situations, a variety of different “knowledge structures”—mental templates or cognitive filters imposed by individuals and organizations on information to give it form and meaning—have been found to significantly influence managerial decision making (Walsh, 1995). One form of knowledge structure—the “guiding principle”—provides fundamental level justifications that guide actions and decisions made by self-managed teams when responding to critical incidents (Oliver & Roos, 2003). Such principles are framed by a team’s identity, and evoke the presence of other team members in a self-reinforcing virtuous circle. In addition, guiding principles have been found to guide organizational decision makers operating in high-velocity environments through: 1) their use of heuristic logic, 2) their capacity to draw upon deeper shared narratives, and 3) the emotional attachment they evoke (Oliver & Roos, in press). Rather than incorporating paradigmatic “if-then” logic, guiding principles rely on the power of shared narratives with emotional content to provide guidance for making decisions and taking action.

Although the properties of guiding principles have been elucidated, as with many other knowledge structures, the process by which such principles emerge in the first place remains unclear. While most theorists agree that knowledge structures in general develop through experience in a given information domain (Walsh, 1995), the articulated and shared nature of guiding principles means that they likely develop through discursive construction processes that build shared meanings among members of management teams in a specific context. Although management teams draw upon such principles in an ad-hoc manner in their decision processes, Oliver and Roos (in press) speculate that management teams might be able to develop such

principles in an intentional and explicit manner. To date, however, no research has explored how such guiding principles might be rendered visible in organizations, or even intentionally shaped.

While any number of techniques may be considered in an attempt to render visible and shape the development of guiding principles, the relative success of such efforts may depend more on general process qualities than on the fine-grained features of a particular technique. The nature of guiding principles as discursively enacted phenomena drew us to take a closer look at the conversational processes through which they emerge. The purpose of this paper is to explore how guiding principle development might be accomplished in organizations by drawing on related literatures, including those of comparable knowledge structures such as mental models.

We ultimately conclude that any attempt to steer their development should involve creating a context for conversations that enable the emergence of shared meaning as a collective achievement, thus we propose that *dialogue-based* methods might show promise as a technique for rendering visible and shaping guiding principles. We complement this theoretical stance with empirical evidence in the form of an illustrative case study of two very different attempts within the same organization to actively develop guiding principles. The first effort demonstrated many of the hallmarks of dialogue, while the second employed the conversational form of competitive debate. Drawing upon our theoretical contribution and empirical observations, we develop three key process properties that may effectively assist management teams in intentionally rendering visible and shaping guiding principles.

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### **Learning from Mental Models**

In exploring possible approaches to understanding how guiding principles might be rendered visible and shaped, we began by reviewing studies conducted on how other knowledge structures emerge over time. Knowledge structures guide decision processes in a “top-down”

manner, in contrast to “bottom-up” decision-making techniques that encourage the collection of additional data. Examples of knowledge structures that have been studied in the organizational realm include schemata (e.g. Fiske and Taylor, 1991), scripts (e.g. Nisbett and Ross, 1980), interpretive schemes (e.g. Ranson et al., 1980), norms (e.g. Harrison, 1987), frames of reference (e.g. Bettenhausen and Murnighan, 1985), and routines (e.g. Nelson and Winter, 1982). The knowledge structure that appears to most closely resemble guiding principles is that of the *mental model*. Although mental models differ from guiding principles in that they do not necessarily depend on heuristic reasoning, a narrative mode, and emotional content, both knowledge structures refer to beliefs, assumptions, generalizations and images that people use to make sense of a highly complex world.

Mental models are cognitive devices people use to make sense of current perceptions in light of longer-term perceptive repertoires (e.g. Johnson-Laird, 1983; Minsky, 1986; Papert, 1980). They provide the context in which individuals view and interpret new material, and help determine which information already stored in our memories is applied to new situations. Although they enable the identification and selection of appropriate courses of action, they can also hinder the consideration of certain data outside the interpretive coverage of the mental model when making decisions. Thus, although they reduce complexity, mental models can also be the source of blind spots, and may render more difficult such tasks as organizational change (Dent & Goldberg, 1999) or strategic innovation (Markides, 1997).

Focusing on an organizational context, Kim (1993) defines mental models as "a person's view of the world, including explicit and implicit understandings". Mental models emerge from and are enacted in what Fish has referred to as "interpretive communities", i.e. communities that share more or less the same "theory" of the world (Fish, 1980), thus they carry tacit cause-effect assumptions that are considered valid in a specific context. They are typically very difficult to change, because we tend to rely on data that confirms rather than challenges our existing mental models (Markides, 1997; Senge, 1990, 1992, 1994).

Mental models can also be *shared* (Kim, 1993) on a collective level as a result of intersubjective sensemaking processes in groups or teams. In order for a configuration of belief structures (Walsh & Fahey, 1986) to occur, mental models must be made visible in such practice so that they might be openly critiqued and adjusted, a process that may lead to the development of new shared mental models (Kim, 1993). The collective process of effectively surfacing and shaping shared mental models requires use of a shared language (Daft & Weick, 1984), a phenomenon for which some conversational modes may be better suited than others (Crossan et al., 1999). It has been suggested that *dialogue* may be a conversational process that lends itself to such meaning generation by rendering visible and shaping of mental models (e.g. Ford, 1999; Ford & Ford, 1995; Isaacs, 1999; Schein, 1999).

## **The Role of Dialogue in Understanding Mental Models**

Dialogue is a reflective form of conversation that goes beyond purely cognitive and rational argumentation to encourage participants to examine and reflect on the assumptions underlying their thinking, and develop a common language and interpretive scheme (Ford & Ford, 1995). Dialogue provides a conversational mode in which a diverse strategy-making group can express and explore a variety of viewpoints at which end a convergent belief structure in terms of a shared mental model is more likely to emerge (Walsh & Fahey, 1986). Dialogue is also a useful means of surfacing and exploring mental models (Kim, 1993), a process that should involve three key steps. First, participants should investigate and explore the taken-for-granted assumptions of thought processes and their limits (Schein 1993; 1999), a process of *inquiry*. Second, participants need to give voice to and acknowledge the legitimacy and equal plausibility of differing viewpoints (Schein 1996; 1999), a process of *divergence*. And finally, participants should engage in a dialogical process of that fosters the emergence of a shared new language and mental models (Isaacs, 1993; 1999)—a process of *convergence*. We now turn to discuss each of these three process steps in more detail.

Dialogue involves reflecting on and critically investigating the taken-for-granted assumptions that underlie individual and collective thinking, a process of *inquiry*. Rather than jumping to conclusions or agreeing before understanding, dialogue requires participants to pay attention to their privately held assumptions and deliberately suspend knee-jerk reactions. Avoiding such judgmental shortcuts can improve an individual's capacity for listening and self-reflection (Schein, 1999). In contrast to dialogue, debate and discussion are competitive, less self-reflective modes of conversation that are characterized by participants' orientation to advocate their viewpoint in order to 'win' the argument. Such conversations tend to reify and reproduce assumed certainties, and thus hinder a deeper inquiry into the root causes of problems. While participants in debates or discussions tend to engage in outward-oriented advocacy of their own viewpoint, dialogue encourages introspective, reflective understanding of the assumptions underlying our views (Scharmer, 2001). Such shift from using 'third-person data' to 'first-person data' facilitates the process of uncovering and acknowledging the limitations of one's own perspective. As such, inquiry is carried out in through mutuality and reciprocity, and participants become more aware of the nature and limitations of their cognitive maps or mental models as linguistic, context-specific constructs (Schein, 1993).

Rather than assuming a congruence of perspectives, a dialogical process assumes a *diversity* of viewpoints as the starting point of any meaningful conversation. It is unavoidable—yet potentially productive—that managers have heterogeneous and even divergent beliefs and assumptions (Walsh & Fahey, 1986). Exploiting—rather than eliminating—such diversity is only possible when participants acknowledge others' viewpoints as equally legitimate and plausible to their own. In practice, divergence in viewpoints is often eliminated or glossed over by power, ignorance, politeness or false compromises. However, a dialogue approach views divergent viewpoints as essential for self-learning and mutual understanding. Schein (1996) suggests that experiencing and acknowledging differences of interpretation and meaning is the critical first step of any cognitive restructuring process. Dialogue is a conversational mode that allows for divergence to be dealt with constructively and productively. An open-ended, reflective

conversation allows for divergent viewpoints to be voiced, reified and made open to further inquiry of their underlying assumptions (Schein, 1996; 1999).

By engaging in a conversational mode distinctively different from debate or discussion, the quality of a conversation may be transformed, along with the thinking that lies beneath it (Isaacs, 1993), in a process of *convergence*. Shared inquiry into divergent viewpoints provides the basis for a further element of dialogue, namely the possibility of converging beliefs and values, although this convergence of mutual understandings is an emergent property and cannot be guaranteed a priori. The recursive process of inquiring into existing mental models and developing a common language contributes to the development of a shared understanding. Processes of intersubjective inquiry against such a background of shared understanding can enable the development of a “discipline of collective thinking” that transcends individual thinking and mental models to collective thinking and action (Isaacs, 1993). In a group, it is through such shared, potentially convergent learning experiences that “an overarching common language and mental model” might emerge (Schein, 1993).

As heuristic devices that draw on emotionally grounded narratives, guiding principles are knowledge structures that can enable teams to structure complex situations and facilitate decision-making processes. Guiding principles thus share many properties with mental models. We believe that like mental models, guiding principles are knowledge structures that can be rendered visible and shaped through dialogue as a reflective form of conversation. As such, we propose that dialogue holds promise to actively develop guiding principles for management teams. In order to illustrate our theoretical proposition, we describe and discuss a case study in which a management teams engaged in two attempts to actively develop guiding principles. We specifically focus on the process in general and the conversational strategy employed in particular.



## Developing Guiding Principles – The Case of EuroTel

To explore the role of dialogue on the development of guiding principles, we investigated two separate efforts by the strategy team of a large telecommunications company<sup>i</sup> to generate guiding principles. We focused on the process properties of each of these two efforts within this firm, and collected data through participant observation and in-depth interviews with participants us to inquire into each of the approaches. We present this case study because of its heuristic quality to illustrate our theoretical considerations rather than as an exercise in theory development.<sup>ii</sup>

Although a late entrant into the telecommunications industry, by 2000, European mobile phone operator EuroTel had grown to become a major player in its domestic market. The company was highly regarded by its customers and analysts alike, and was viewed by outsiders as a dynamic, non-traditional company that was willing to take risks. The strategy group at EuroTel consisted of some 25 people, some of whom were engaged in analyzing of reams of “quantitative market” data, while others conducted more qualitative studies of current trends and “foresighting” work that involved discussing alternative futures for the role of mobile telephony in five to ten years’ time.

In 2000, two major events occurred which significantly altered EuroTel’s business landscape. First, like several of its important competitors, EuroTel decided to purchase a number of extraordinarily expensive 3G licenses, causing the company to take on a large debt burden. Second, EuroTel was acquired by a large, foreign competitor. Although the company was assured it would retain a high degree of autonomy following this acquisition, the change in ownership forced the strategy team to deal with a greater diversity of opinions within the organization, and the broad geographic scope of it’s new parent company meant it had to pay more attention to issues occurring far beyond its national borders. These two events combined to raise the complexity of EuroTel’s strategic decision making processes considerably, as a senior strategist with the company explained:

It was great because there were lots of opportunities, but it was difficult to produce a concrete strategy everybody could buy into. The playing field was so wide that we could have gone in hundreds of different directions....we asked ourselves what our competitive advantage was, and came up with multiple answers from different sources.

The team responded to these new challenges by designating an “open space” common area as a venue for discussions of strategic issues, where new ideas could be fertilized. Each team member was given the explicit responsibility to travel throughout the business to talk with ordinary managers about issues they were facing, discuss strategic and other issues regularly with senior management, and bring in individuals from a wide variety of backgrounds to stimulate debate about future trends. However, a formal responsibility of the strategy group remained producing an annual strategy “document” spelling out the company’s strategic direction. Traditionally, the activities of the strategy team changed as the deadline for producing this document approached each year, with the team spending less time discussing different possibilities in the open space, and more time engaging in text and email-based interactions concerning possible wordings of key strategic phrases. Given the diversity of views within the team concerning what the future held for EuroTel, the task of producing this document was often difficult, with a great deal of painstaking interactions about word choice and other minutiae. Even the role of the strategy document itself was a source of much discussion within the team. For some, it was intended to closely guide the activities of the organization, whereas others believed the strategy document should be quite general and permit a high degree of flexibility to accommodate a changing market.

In the course of working on this document in early 2002, a senior strategy team member—“Jeremy”—ran across an academic article proposing a strategy process based on “simple rules”<sup>iii</sup>. This article prompted a discussion on how the EuroTel strategy team might try to develop some rules or simple principles in order to guide its strategy making process in its complex business landscape. The team would make two attempts to do this, the first in March 2002 and the second in August 2002. As researchers, we observed both of these processes, which in our view served as excellent illustrative examples of the role of dialogue in the generation of guiding

principles. Both interventions involved the use of a workshop to collectively identify, discuss and share what participants perceived as a) the organization's identity, and b) a set of guiding principles. While the first attempt involved use of a play-based technique the second involved employing a more traditional setting of working groups and semi-structured discussions.

#### Intervention 1 – March 2002

The first intervention involved ten participants, including seven members of the corporate strategy team as well as three managers from the human resources department. The session was facilitated by external consultants, and its objectives were twofold: the construction of a shared representation of the organization's identity, and a shared set of guiding principles which would be intended to provide guidance to team members' actions and decision making processes in the event of unexpected events.

The two-day workshop involved use of a structured technique and facilitation process that invited participants to express their views not only through words but also through the use of 3D construction materials<sup>iv</sup>. The technique draws on the concept of "serious play" (see Roos et al., 2004), which refers to the integration of cognitive, social and emotional dimensions in a playful mode of experience. Using 3,000 individual LEGO pieces of a variety of colors, shapes and sizes, the facilitator guided the group through three warm-up exercises aimed at improving participants' building skills, use of metaphor and storytelling abilities. Following the warm-up, participants constructed individual representations of the identity of EuroTel—its essential characteristics, key functions, internal relationships, structures, most prominent features, and central attributes. They subsequently combined these into one construction from the entire group. One participant made the following comment on the process of building a shared identity representation: "Constructing helped us clarify things. People seemed to find it instructive and insightful to deconstruct our roles (as strategists) and reconstruct them in a different manner."

The next step involved the construction and addition of “agents” in the company’s landscape—for example, important customers, competitors, and regulators—then building connections between these agents and the shared EuroTel identity representation. Subsequently, group members individually generated some possible unexpected events that could emerge on this landscape, which were then “played out” by the team using the model on the table. The playing out process included working through *how* the team should respond to the event, and then *why* such a response was most appropriate. With some help from the facilitator, the answer to the “why” question would go on to lead to the development of a several guiding principles, each of which is briefly described below:

*“Be the meaning machine”*. Following a long discussion about how important it was for the members of the strategy team to continue to talk to managers throughout the company about their jobs, the team concluded that the company was “held together through conversation”. In making decisions, this guiding principle was intended to call to mind the importance of stimulating conversations that would help “gel” the company together into a “mean machine”.

*“Take control of the complete narrative”*. The strategy team discussed the need to be aware of and participate in the development of the strategic-level stories being developed by the brand or human resources people. They team agreed that they should try to take ownership of these story development processes wherever possible.

*“Maintain our difference”*. Various groups within the organization enjoyed being part of EuroTel because they believed the company had many unique qualities. An important source of this distinctiveness was believed to be the strategy process itself. The team resolved to ensure that these strategic processes remained different from those of other organizations.

*“Be thought leaders”*. The team constructed a glass dome with themselves inside, which symbolized thought leadership in content and process. Participants discussed how this team was a key part of moving the thinking of the entire industry forward, and how they should continue to play this role. Recalled one participant: “We wanted to take a lead in things, stick our noses out, put our heads on the block.”

### Reflections on Intervention I

The two-day process was characterized by a number of high and low energy moments. By the end of the first day, a number of differing individual views of the organization's identity had been presented, yet little consensus had developed over a shared representation of the organization. It proved difficult to build a shared identity representation, as the metaphors and individual identity representations were in many cases quite different from one another. This process of rendering visible these significant differences in assumptions and viewpoints led to a lowering of overall energy in the room as the vast disparity among individual models became more apparent toward the end of the first day. As one participant explained:

We had always talked about ourselves as being a cohesive team, yet when we tried to construct this, it was hard. Some people had the impression we were hiding behind the terminology we used....people went home after the first day feeling a little down.

The second day began with some in-depth conversations among team members concerning the root causes of these differences. These conversations enabled team members to inquire into their own and other's privately held assumptions in a non-threatening way. Based on a thorough investigation of these differences, the team became re-energized and began to find commonalities among the different constructions, eventually leading to the construction of a shared identity representation. As progress was made toward reaching a consensus on a stronger shared sense of identity, the group experienced a significant increase in enthusiasm. When the guiding principles were discussed and developed at the end of the second day, the energy level in the room remained high. Although it was a Friday afternoon, participants stayed around in order to film all the finished models and capture as many of the guiding principle stories as possible. As one participant commented: "There was a real sense of pride in what they had done".

Despite the general satisfaction among participants in the overall outcomes of the workshop—the guiding principles would go on to be invoked many times by members of the strategy team—in the days following the intervention a number of questions were raised by participants concerning the lengthy amount of time (two days) required to develop them. Some political dynamics were also at play within the, as although convinced of the value of the identity and guiding principles objectives of the session, Jeremy was openly critical about the efficacy of the technique used and expressed these concerns on a number of occasions. The second time the group attempted to develop guiding principles, it elected to attempt a different process, which we will now turn to describe.

### Intervention 2 – August 2002

With a new Head of Strategy scheduled to arrive in the fall, the strategy team decided it should try to pull together a new, shared identity statement and set of guiding principles, which could be presented to the new boss upon his or her arrival that would take into account some of the changes that had occurred since the March workshop. Although the March format had successfully generated a shared identity construction and set of guiding principles, concerns about the time required to do this led Jeremy to decide to facilitate a 1.5 day session for the group without LEGO materials, but with the same objectives as the first time.

In addition to all of the strategy people from the first session, 15 other strategy team members were invited to attend this meeting, The group's larger size meant that the facilitator (Jeremy) decided to break the group up into four different subgroups, each of which would spend two hours discussing their subgroup's identity and guiding principles. With the help of a PowerPoint template to be filled in, each subgroup would prepare a presentation that would answer the following questions: What is our role? Who do we report to? Who do we have regular contact with? What is our output? How do we measure ourselves? How do we see ourselves working with the other three strategy group teams? The facilitator provided a description of

guiding principles by offering examples of some of his personal ones, such as “above all else, to thine own self be true”, which he asserted helped him make decisions in his life.

The morning session lasted three hours. As one strategy team member described: “Imagine, getting seven people around the table talking about how they relate as a group! This was frustrating beyond belief.” At the conclusion of three hours, a bell rang, and each of the four teams presented its PowerPoint presentation of EuroTel’s identity to the other participants. After lunch, the group split back up into subgroups to refine the language used in its presentations and group items together into categories, an activity referred to as “wordsmithing”. However, the diversity among the various identity statements made it problematic to achieve consensus with the other subgroups. As the senior strategist put it:

One group came up with extremely blue-sky statements about ‘being the saviour for the strategic consciousness of the business’. Others said things like ‘we do the budgetary planning forecast for finance’. There was no way to bring these things together.

In addition to divergence in terms of content, the different subgroups had interpreted the questions differently, and as a result, the answers could not be easily compared. Although the facilitator had anticipated that the full group would develop a common list of attributes of EuroTel’s identity, on numerous occasions when one individual tried to identify an overlap between two statements with the aim of eliminating one, the person whose statement was being cut would protest, wanting to retain a subtly different nuance in the finished product. The result after nearly 1.5 days of discussion was an identity statement several pages in length, which most participants seemed unable to recall without reading off a slide. The group began discussing possible guiding principles, but did not achieve agreement on this by the end of the allotted time.

Because the session ended without consensus on either identity or guiding principles, the organizer set up a subsequent session with a sub-committee to follow up. This committee would meet on two other occasions for three hours each time. After a significant amount of further “wordsmithing”, the committee was able to condense the identity statement and generate “guiding principles”, all of which were placed on 12 PowerPoint slides. Recalled a senior strategist:

The statement of identity for the group was a long, grammatically difficult paragraph. Of course, I can't remember what it was. And there were a bunch of things called guiding principles. And after, nothing changed. We didn't change the way we worked. I don't even think our new boss looked at it.

### Reflections on Intervention 2

As with the first intervention, the second intervention began with the presumption of shared strategy team identity, which would guide the subgroups in their breakout discussion sessions. Once again, the assumption of a pre-existing shared identity was challenged by the actual subgroup discussions. However, unlike the first intervention, the process for arriving at consensus on the identity statement focused on verbal discussion around the task of developing a PowerPoint slide to present to the full group. Although the first morning of this session was characterized as "fun" by many participants, many expressed frustration with the remainder of the workshop. Although each group was able to develop a summary slide, the discussion in many cases appeared to disguise disagreements through the generation of pragmatic compromises or artificial consensus, in an effort to "just get on with it". And when the subgroups "reported back" in the early afternoon of the first day, many differences were immediately apparent. A participant described the meeting:

It characterized everything bad about meetings. Loads of people were there, but were not really present. A lot of time was spent aligning points--spending two hours working out how to replace two sentences with one sentence.

Although the second intervention led to a nominally shared identity statement, the slides generated provided little useful preparation for the guiding principles part of the exercise. Indeed, participants in the second session were unable to recall many elements of their shared identity or guiding principles following the session without consulting the CD-ROM each received following the session.

The total time required for the second intervention was 2.5 days, including 1.5 days for the first meeting, followed by two further half-days of meetings by the subcommittee. Despite the



longer time taken, several group members commented that the finished output was inferior to that of the first intervention. After the final presentation was completed, the facilitator of the second session, Jeremy, commented to the one of the organizers of the first session “now I get it”. The second intervention was considered so negatively by members of the strategy team, that the facilitator of the first intervention became highly concerned that the second intervention had jeopardized the perceived validity of using the concepts of “identity” and “guiding principles” at all.

## **Analysis**

Acknowledging that in organizations no two conversational episodes are identical, let alone replicable, we suggest that the intentions of both interventions #1 and #2 were similar enough as to engage in a comparative investigation. Each session was preceded by a high degree of perceived uncertainty both in terms of the environment as well as the organizational structure. Moreover, in both cases senior strategists decided that the development of guiding principles was the right thing to do. While both processes aimed at developing guiding principles to cope with uncertainty, the actual process properties differed significantly in terms of conversational setting and mode. As for the conversational setting, intervention #1 was designed as a highly structured, yet open-ended process that provided a frame for participants to explore their individual and collective viewpoints. In contrast, intervention #2 consisted of a highly structured, instructive process that aimed at the collective filling in of a pre-existing template. These differences in conversational mode are summarized in Table 2 below.

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## *Inquiry*

In our view, intervention #1 led participants to critically reflect on their individual and collective assumptions. Although most team members had assumed and voiced a belief that their team was highly cohesive before the workshop, this belief was not borne out as the workshop progressed. Participants experienced a lack of cohesiveness in the first stages of the process, yet the process allowed the participants to critically reflect on this false assumption and prepared the ground for further inquiry. Intervention #2 was also built on an assumption of cohesiveness, with participants similarly reporting a lack of cohesiveness as the workshop wore on. However, the process did not allow for a critical inquiry into the false assumption of cohesiveness. According to participants, this resulted in a strong sense of discomfort, as the working assumption of intervention #2 was not shared in practice. This difference between expectations and actual practice led to frustration for participants in both processes. However, the discomfort in intervention #1 appeared to result from the effort to inquire into the collectively questioned assumptions of cohesiveness, which required an in-depth conversation regarding the team's identity. Intervention #2 similarly caused discomfort, although it seemed to result less from reflection on false assumptions than from concerns with the process design.

In light of our theoretical considerations, we argue that in intervention #1 participants reflected on the rules of language games—such as the use of the term “cohesiveness”—that they employed. Participants referenced first person data while inquiring into their assumptions underlying this term in a reflective manner. “I have never looked at it that way” and other comments showed how surprised some participants were in this respect. During intervention #2, participants voicing their discomfort about the design of process, and consequently triggered defensive routines in the facilitators and process designers. Overall, a strong divide between ‘us and them’, as well as a competitive form of argument in which participants advocated their own views to advance their interests, dominated the second intervention.

In summary, we would argue that intervention #1 – though far from an ideal speech-situation – provided participants with the opportunity to identify their differences and the

limitations of assumptions. It subsequently enabled the team to collectively reflect on them – and thereby facilitated inquiry into underlying assumptions.

### *Divergence*

Intervention #1 deliberately invited people to render visible their different viewpoints, and the use of three-dimensional objects made these differences even more tangible. However, the systematic subjectivity involved in attributing meaning to a 3-D model slowed the conversation down, which forced participants to listen to other's interpretations and narratives. Rather than imposing their own interpretations on others, participants had to temporarily suspend their own views and allow others to take subjective ownership of their constructions. Not only were differences rendered apparent, a certain equality of airtime resulted. As one participant recalled: "more people had more of a say." This made it possible for different viewpoints to be voiced and appreciated, while the validity of viewpoints was left open to collective meaning making.

In contrast, Intervention #2 more closely resembled a competitive debate, as individual viewpoints were imposed on others who had not had the opportunity to express their views. The process was designed around the assumption that the facilitator's views on the issue at hand would be agreed to by all participants. This resulted in a systematic neglect of differences for the sake of "getting the job done". Through his ownership of the intervention, the main convenor was able to control the format of the workshop and its agenda. Intervention #2 was characterized by assertives ("This is what guiding principles are"), and did not strive for—but rather assumed—univocality by the facilitator. His description of what guiding principles should be defined criteria of goodness and relevance for the subsequent conversations. Differences of views did not lead to inquiring into their underlying assumptions but rather to superficial compromises for the sake of complying with the overall format and ultimately the template.

The shortcut in the guiding principle development process led to superficial arguments about definitions and claims, rather than any dialogue concerning underlying differences. None of

the participants experienced having someone else put an entirely different meaning on a concept that to them appeared clear and unambiguous, nor the resultant cognitive restructuring beneficial to the development of guiding principles. Interestingly, divergent views were voiced in both processes, but it appeared that participants appreciated rather than defended these differences in Intervention #1.

### *Convergence*

A final difference between the two interventions in this case study concerned the ability of the participants to converge on shared views in their conversation process. While intervention #2 aimed at filling in a predetermined template, intervention #1 provided an open-ended process that even included the possibility that the team would fail to develop shared guiding principles.

The strongest indication for this difference in process quality is the "wordsmithing" experience that participants reported as the main feature of Intervention #2. In short, one could argue that "wordsmithing" is the opportunity cost of bypassing the dimensions of inquiry and divergence. It is a manifestation of people defending or advocating their viewpoints that were not included or did not fit into the overall aggregation of viewpoints. Taken at face value, "wordsmithing" can be conceived of as a competitive mode of meaning negotiation whereby the overall goal is to "win" the argument. Within a process that assumed consensus and had clear goal in form of a template, the result from such competitive mode of meaning negotiation is a form of convergence that we would refer to as a nominal agreement on guiding principles.

In contrast, intervention #1 gave participants the opportunity to define the criteria of goodness within the discursive process itself. Although the goal was formulated as developing guiding principles, the process design took the specific properties of heuristics and emotionally grounded narratives into consideration. Intervention #1 systematically triggered participants to reflect on their own and others' assumptions, which ultimately enabled to at least agree that they differed. However, the process did not stop there. Based on the attentive inquiry into these

differences, participants were willing and able to develop a shared understanding of the team's identity and consequently what its shared guiding principles should be. This form of convergence in our view appears to closely resemble what dialogue scholars refer to as shared understanding.

In Intervention #1, participants had the opportunity to create shared meaning – which led to the development of guiding principles that could be recalled precisely months after the intervention. The guiding principles developed in this session provided participants with a shorthand or narrative headline that could be referred to in subsequent decision making episodes. Although the learning experience of Intervention #1 appeared at times painful for many participants, it provided the team with a common language and mental model in the form of guiding principles that were truly shared.

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*INSERT Figure 1 about here*  
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Intervention #2 was less successful in developing guiding principles as the process design: a) neglected the characteristics of guiding principles as discursively enacted phenomena and b) assumed that through a fairly directive process and predetermined template that their development could be speeded up, and c) adopted a mechanistic approach towards delivery that largely pre-empted dialogue. In contrast, intervention #1 appeared to have been more successful because the process a) acknowledged the local and contextual dimension of guiding principles; b) allowed for an open-ended frame within which critical inquiry, appreciation of differences and development of shared understanding could occur, and c) engaged participants in the “detour” of inquiry and divergence in order to develop guiding principles that were grounded in a shared emotional and cognitive experience of critical reflection. Intervention #1, we propose, facilitated a process in which many dimensions of dialogue were met. To the extent that dialogue not only allows for rendering visible rules of language games and the mental models that underpin them, the relative success of Intervention #1 relative to Intervention #2 appears to makes sense.

## Conclusion

Guiding principles can facilitate organizational decision-making in fast-moving environments, yet intentionally generating principles that will be meaningful and robust for management teams is difficult. In this paper, we develop the concept of dialogue as a potentially important element of any process to develop guiding principles, because of its ability to generate a reflective mode of conversation that renders differences apparent, leads to sharing of mental models, and the recognition of one's own limitations. We argue that guiding principles as heuristic devices consisting of emotionally grounded narratives, can be examined and actively developed in a conversational process of dialogue involving inquiry, divergence and convergence.

We illustrated our theoretical considerations with a case study describing two very different attempts within one management team to intentionally develop guiding principles, and noted significant differences between the two exercises both based on the degree to which they included dialogue, and to the degree to which the resulting guiding principles were retained after the fact. Our study suggests that attempts to generate explicit guiding principles with management teams should involve dialogue.

Though proponents of a more prescriptive theory of dialogue in organizations imply that it can actively be created, we prefer to make a somewhat humbler claim. Due to its very nature, managers have a limited ability to manage dialogue directly and a priori; dialogue as a reflective mode of conversation cannot be imposed on a group or team. However, it *is* possible to create the conditions for the possibility of dialogue by, for example, ensuring that managers/superiors role model an open, respectful atmosphere; encourage equality of airtime; listen and pace conversations by deliberately suspending utterances; and own process and content through involvement in designing the conversational arena and setting its agenda. As discursively constructed phenomena, the development of guiding principles requires a conversational format that is not pre-emptive, but provides the condition for the possibility of their emergence.

## Tables and Figures

<i>Nature</i>	Knowledge structure
<i>Function</i>	To guide decisions in critical incidents or high velocity environments
<i>Unit of Analysis</i>	Management team
<i>Type of logic</i>	Heuristic
<i>Type of knowledge</i>	Non-canonical, based on shared narratives
<i>Relevance of emotions</i>	High emotional attachment to narratives

Table 1: Guiding principles at a glance (based on Oliver & Roos, 2003)

<b><i>Properties of dialogue</i></b>	<b>Intervention 1</b>	<b>Intervention 2</b>
<i>Inquiry</i>	Exploring assumptions Mainly first-person data	Stating assumptions Mainly third-person data
<i>Divergence</i>	Surprises Acknowledging differences	Assertives Neglecting differences
<i>Convergence</i>	Meaning negotiation – Consensus as a possibility	Meaning negotiation – Pre-empting consensus

Table 2: Conversational mode of the two case interventions

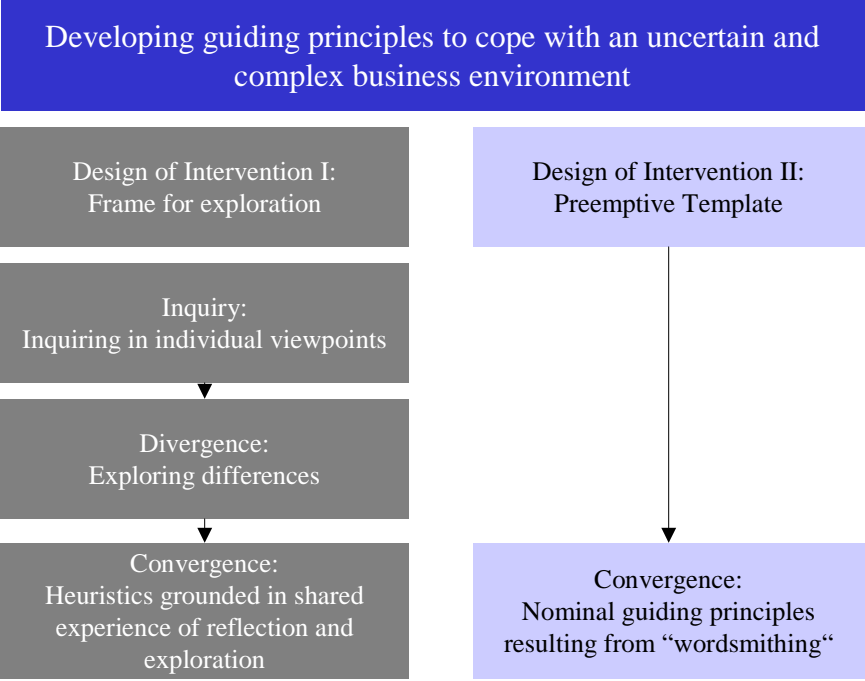


Figure 1: Process Differences between Interventions #1 and #2.



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## Notes

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<sup>i</sup> A separate issue concerns how and when the resultant guiding principles were used by the organization. While we investigated recall of the guiding principles in follow-up interviews, fully understanding how these particular guiding principles were used is beyond the scope of this paper.

<sup>ii</sup> In presenting this illustrative case study we were guided by examples such as MacIntosh and MacLean (1999), who introduce an illustrative case study to enhance the meaning of propositional and experiential knowledge through the subjective character of case studies (Stake, 1998).

<sup>iii</sup> The article was: Eisenhardt & Sull (2001).

<sup>iv</sup> The technique is named: "LEGO Serious Play".