Change and the fourth deadly sin

The ability of a business to turn on a sixpence, in response to external market change, or to manage its own internally initiated changes through the organisation is a good barometer of its effectiveness - so sayeth the prophet. And if you accept the rate at which you can blow the seeds off a dandelion as an accurate predictor of anything, apart possibly from the state of your lungs, no doubt you will believe this particular prophet.

Which is not to say that this prophet is a false one, merely that the evidence on the relationship between companies' mastery of change and their ultimate success is, at best, limited, if not almost totally absent.

The difficulty is that perspectives vary enormously. In some businesses that pride themselves on their dynamism and extreme market responsiveness, closer examination shows the organisation to be stuffed full to the gills with risk averse managers. The seemingly never ending change-on-change produces frustration and apathy at the grass roots, because the organisation robs employees of the satisfaction of seeing projects through to the end.

Staff turnover rises, continuity is lost, and costs increase with the inevitable onset of the bureaucracy with which risk aversion goes hand in hand. Product and service development slows down, customer service drops and lost business opportunities abound. But the business is awfully good at changing! Examination of the record may, however, show that few of the planned changes are ever actually successfully concluded - somehow they are a bit like old soldiers and just fade away.

We can do it!

In others, the directors pride themselves and their organisation on its ability to handle change, and believe they carry the organisation with them. The difficulty arises when the directors operate a policy of "Don't give me the facts - just tell me what I want to hear." Now they don't believe they do, but managing style and interactive skill issues get in the way of effective communication, and the flow of information up the line about the success of management decisions gets blocked or filtered out.

In practice, if only someone took the trouble to listen to the employees, they might find that nothing actually changes at all, if by change we mean the reality instead of directors' pipe dreams. Wish fulfilment is a nice psychologist's trick but as a method of managing businesses, it leaves a lot to be desired. And yet the businesses seems to prosper.

Theoretically, if the business has a management age and length of service distribution skewed to the long end, and too many directors who grew up through the organisation - "I've been here 32 years, man and boy." - with a deep many layered organisation structure, it will be change resistant. And, in the main they are. And yet, many still prosper.

It all sounds like a lot of fuss over nothing - it must be those management consultants trying to dress up old situations as if they are something new, to keep their fee rates up. Or is it the Madison Avenue Americans with their never ending market quasi-research, who keep on inventing a new flavour of the month - anything so long as they can sell a few more books. Possibly.

Now you may think this all a very cynical view, and you would be right, but it's based on years of observing many different businesses from the inside, but with an outsider’s sometimes more objective perspectives. There has to be an answer somewhere to the clear evidence that many companies that don't handle change well, or are not even trying, still seem to go on growing. And the fact that there are others who pride themselves on the reverse, and are struggling to handle fierce competition.

The study of the relationship between mastery of the change processes or its absence, and the ability of a company to grow is clouded by many other issues - there is no simple relationship between the two. For example, financial muscle is quite enough, in itself, to fuel a growth programme, if acquisition is the chosen route. A well established business, well managed and operating in markets not yet targeted by any of the more commercially aggressive multinationals or emerging nations may well have a satisfactory growth record.

But for how long? The record shows that if these same companies continue in their current way, avoiding the need to study market trends to anticipate future market demands, there is a real possibility that they will end up on the same scrap heap as their predecessors or just get quietly absorbed by a larger (or even smaller!), more market-aware competitor.

The problem begins when managers think that change is something new, demanding new techniques. It isn't and it doesn't. Companies that manage change well have probably being doing so for years - those that have not learned the trick are not, in many cases, still around to tell the tale. Those that survived, in spite of themselves are not going to find the trick an easy one to acquire, now that the rate of change in the environment is so much higher than it used to be.

High rates of change do however place a premium on the operation of common but essential management skills, and do raise the ante on the need to introduce a very few new ones. A parallel act might be to cast a very sceptical eye on some existing practices, which would tend to stifle the ability of the organisation to manage change.

Let's start differently

A good place to begin would be to ensure that every employee understands the new nature of the game, the new rules and their role in it. A second step would be the communication of the consequences of changing and not changing. Any bunch of senior managers who believe that the responsibility for initiating and handling change is the sole prerogative of the boss are already well on the way to being labelled as yesterday's men!

Involving people in decision processes about changes in their jobs, creating communications channels to provide feedback up the line from employees to senior managers on the effectiveness of the management policies and decisions being implemented, are not exactly new ideas. But they mightily help the process of change through the organisation, providing it's done all the way down to the bowels of the organisation. So does recruiting market oriented thinkers from outside the industry and installing information and reward systems that recognise performance issues other than short term financial results.

Training managers to think creatively at all levels, and senior managers to stimulate creativity are relatively new ideas. So is identifying the need for the ability to think intuitively to handle ambiguity and uncertainty, and training senior managers in this skill. Empowering is a new buzz word, but it's a real and important concept, nonetheless. It means going beyond delegating authority, and creating a climate where employees actually believe in and are comfortable with the idea that they can use the authority they have - with out fear of recriminations when the wheel comes off, as occasionally inevitably it will.

A parallel act is the development of an organisational climate where it becomes 'safe' to publicly criticise one's own acts and results, in the constant search for new, workable solutions. Fail to do this and the risk averse environment rears its ugly head, and then we have the situation where failure becomes unacceptable. Now try getting people to experiment with and pilot new methods in that atmosphere - getting blood from the proverbial stone might be slightly easier!

Say goodbye to yesterday

Which leads to the need to shed some old practices. A useful first step is to challenge the information systems currently operating - not just what churns out from the computer daily, weekly or monthly. Include that, but add in all the other regular reports being distributed round the company.

Have a paper chase - they are fun and can save the business from slow strangulation. Keep asking what action people take as a consequence of getting reports - if the answer is none, take the report off the publication list. One company which did this recently scrapped over 60% of its regularly distributed reports. But watch out! Remember the first rule of any bureaucracy is 'survival comes first, business objectives second'. Check out those responses - they may be more protective than objective.

Tackle the politicians. The definition here includes the pursuit of covert objectives. It is quite extraordinary how many companies and senior managers seem to accept the existence of internal politics as a norm. They may be, but not in the companies that do best at handling change. Politics stifle openness, and the latter is crucially necessary if change management processes are to be effective. Flush them out in the open. Insist that every business discussion, planning session or decision is prefaced with an insistence on clear measurable objectives.

So there we have it. Something old, something new, something borrowed - yes, but the blue something only arrives if we don't get the other bits right, and its the mood that strikes when the market start taking over, and business results take on a distinct lemming-like feeling.

The fourth deadly sin

And the fourth deadly sin? The first three, in respect of managing change, that is, are or should be well known. They are applying yesterday's solutions to tomorrow's problems, applying straight line projections from here to cloud cuckoo land, and, finally, missing the opportunities in future change.

The fourth is adopting the naive belief that, just because we are making a few changes at the top, everyone else in the company is coming along with us. The chances are they are not, unless there is a belief that malicious obedience is a useful attitude to engender in employees. Unless specific actions are initiated, such as those outlined above, that may be precisely what exists. In which case, it may be that everything changes, but nothing changes.

If the real jobs of people at the sharp end are substantially unchanged; if their managers and their style is similarly unchanged; if their view of the bosses is that they are as remote and disconnected as ever, don't be surprised if employees think that the bosses still dwell in cloud cuckoo land. And perhaps that's where they deserve to be.

How to find out the truth? Get down to the bowels of the company and ask a few questions. Listen to the answers. Check to see if hoped for plans are coming true or not - do employees understand what it is the business is trying to achieve and why? Are they playing their full share of the new game? Willingly and whole heartedly? Of course, it's not strictly necessary - we hear rumours that there are still ostriches in cloud cuckoo land!

