



Old wine in new bottles

– or the marketing man cometh!

... Building great organisations in a sea of change

Let me share with you a new insight into the nature of management – there is nothing new. It's all been done before. A couple of illustrations.

In 1993, Hammer and Champny¹ launched reengineering on an unsuspecting business world. In the 1920s, it used to be known as methods and procedures analysis. The only detectable difference is that the proponents of reengineering demanded more radical thinking, targeting major hikes in performance. As ever there is a price to pay, and as one commentator² tagged it “the fad that forget people” produced some short term gains and very little sustainable performance in the longer term. Many tried it and tossed the idea aside, as it failed to deliver the expected benefits – or in some cases, worse.

In the 1980s change became the flavour of the month. In 1953 one leading commentator wrote³ “It would, in fact, not be untrue to say that change is an inevitable corollary of progressive management and perhaps even its symbol”. In respect of managers' need to handle change, the only thing that has changed since that observation is that there is more change and it all happens much faster.

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Let us accept that the closing years of the 20th century, and the opening of the next, witnessed a rate of change for industry across the world that is unprecedented. The search for effective methods to manage change processes has continued from the early 1980s to today. There are two problems with this.

The first is that change is not new for managers – it has been around since the dawn of business. The

¹ Reengineering the corporation ~ 1993 ~ Michael Hammer, James Champny

² The hocus-pocus of reengineering ~ Paul A Strassmann ~ <http://www.strassmann.com/pubs/>

³ The principles and practice of management ~ 1953 ~ E F L Brech

second is that the track record of managed change processes is very poor. Some observers suggest that 70% or more fail; others assert that they **ALL** fail. They point out that in a world that continues to change, any new static organisational or strategic model will be no better at delivering improved performance than the old static model it replaced.

One research project⁴ suggested that two aspects of the management of change have been neglected by many studies into the topic. The first is that there is no special skill set that can be identified, to which the tag ‘managing change’ can be applied, in the sense that the skill set is different from the generality of managing skills. One view of what managing is all about is that it can only target change. If this is not true, and given the need for control, then the ‘manager’ in question has regressed to being an administrator, whose value added is only compliance, not performance – at best.

The second aspect is that the research identified that organisations were distributed along a spectrum of manageability of change – from ‘change as a way of life’ at one extreme, to ‘change as a test of manhood’ at the other. The key differentiator is the processes and practices adopted by the different types of organisation. In the one case these facilitate organic change; in the other they create a need for top down, driven change processes – which are, by definition, failure prone.

Since the distribution of organisations in the research sample is skewed more to the ‘test’ end than the ‘change as a way of life’ end, this may be one reason why so many hugely disruptive, often revolutionary changes have been the subject of so much exposure and anguished study.

One more observation helps to draw conclusions from all of this. There is another question that appears to have escaped the attention of so many writers on the subject of change management.

⁴ Managing change in the real world – 1990 - TMEL

If the need for change was evident for so long, what was it about the organisation that stopped it from happening?

Assume, for the sake of this question, that the need for change is obvious, at the time that the upheaval is contemplated by the executive group involved. The evidence suggests that, commonly, the need for change will have been explicit for some time – at least to operational people - but has not happened. It is this delay that so often generates the need for what might turn out to be a cataclysmic transformation.

If the need for change was evident for so long, what was it about the organisation that stopped it from happening? Given that the vast majority of employees actually want to work for successful organisations that provide job satisfaction, reasonable remuneration and an acceptable degree of job security, it is unlikely that many of them were working passionately to try to destroy the business that employs them!

Whatever it was that was acting to inhibit change, unless that is part of the change that is targeted through the upheaval, it will remain firmly in place after the cataclysm, and probably in greater force than existed before. This effect occurs simply because of the threatening nature of so many top-down, driven change processes.

The net effect of this is a recurring need for yet more top-down, driven change, with one little demerit to be handled on the way. Mostly, the very best and talented people in the organisation will have flown the coop, as a result of the first change cycle that is imposed, which will limit the capability of the organisation both to survive the next change – and beyond.

There is, however, an alternative to top down, driven change. As one observer⁵ noted, “Leadership’s primary task is creating conditions for continuous, incremental and adaptive change” which is the exact polar opposite of the ‘heroic change’ leader model of which so many media-exposure-hungry executives are so fond – and to which class they assign themselves.

Which leads to two conclusions. The first is that one of the oft repeated complaints by CEOs, that they keep getting sucked into managing the organisation, instead of being able to concentrate on their true role, is actually a misunderstanding and denial of their true role – which is maybe why they have the problem in the first place.

This is not to suggest that CEOs need not focus on

⁵ The hocus-pocus of reengineering – Paul A Strassmann – <http://www.strassmann.com/pubs/>

managing key stakeholder relationships, need not worry about the strategy for the business or give great attention to what is going on the world outside their own organisation, now and as it might be in the future. It is to suggest that unless they focus a significant slice of their energy on developing a change embracing organisation, they may end up with an organisation that is not capable of delivering their strategy.

In a turbulent world, the probability of getting an organisation fit to deliver an ever changing strategy will approach vanishing point – ...

This will be true even if the strategy is valid, which means the ‘roughly west’ variety. In a turbulent world, the probability of getting an organisation fit to deliver an ever changing strategy will approach vanishing point – unless that is the very intent of the strategy. In this sense, it can be argued that the point of the strategy is to achieve an adaptive organisation that itself will organically and dynamically develop an emergent strategy.

The second conclusion is that in a world of turbulent change, with volatility in both the environmental variable set⁶ impacting businesses and the parameters⁷ defining business outcomes, the only approach to strategy development that makes logical sense is that of emergence. This implies that **ALL** employees have a part to play in the emergent development of strategy, often through a process of trial and error.

This means that developing an organisation that has the capability of organic change, as a normal way of life is not only the single possible route to an organisation that can deliver the strategy, it is also the only route to getting a strategy with a real chance of sustainable success. Again, the logical extension of this thought is that developing such an organisation can be regarded as the strategy.

It is one ... with high levels of positive political activity, supporting the application of intuition and experiment, and control by trial and error

The resilient organisation is one that has the capability of organically adapting to a changing external environment. It is one in which systemic learning is encapsulated through its formal and informal processes, structures and networks. It is one where knowledge integration and creation are normal and not impeded by negative political considerations. It is one, by contrast, with high levels of positive political activity, supporting the

⁶ Factors constituting the ability to deliver output performance or compete in a market

⁷ Causal relationships between the variables and desired outputs

application of intuition and experiment, and control by trial and error.

The only route to achieving this state is through a process of constant review, challenge and redesign of organisational processes and practices, as well as never ending feedback and learning loops targeting the behaviour of individual managers. The reason for adopting this route relates to the question of what it is about organisations that produces employee behaviour – either of the desired kind, or the other.

The key observation is that the vast majority of people go to work for many reasons other than economic. They hope to get interest and satisfaction from their jobs, to work in coherent teams practising mutual support, get positive feedback from within the organisation and without – colleagues, internal and external customers – and wish to enjoy a degree of job security.

Few employees enjoy abrasive relationships with customers, characterised more by accusations of neglect or complicity, and destructive feedback than support and positive feedback

In these circumstances, it is hardly surprising that few employees are working passionately to destroy their employer companies. Few go out of their way to upset customers and few get their kicks from getting customers seriously angry about poor quality and service. Few employees enjoy abrasive relationships with customers, characterised more by accusations of neglect or complicity, and destructive feedback than support and positive feedback.

Yet these are the very same experiences of many employees. So, as a generality, what is it about the organisation that produces behaviour patterns of the non-desired kind? The causes may be associated with characteristics of the individuals concerned, and sometimes are.

As commonly if not more commonly though the causes are associated with design features of the supply side of the organisation – and sometimes the demand side of the equation, as well. The trick is to identify the drivers of employee behaviour that are not helping to deliver the standards of performance to the customer, internal or external that, in turn, will generate high levels of satisfaction and positive feedback.

Drivers of behaviour fall into two groups, direct and indirect. Psychologists will argue that there are only two drivers of behaviour – the way we think and the way we feel. In an organisational context, the question is what is driving the thinking and feeling patterns of employees. These are the indirect drivers of behaviour.

These again sub-divide into two groups – those that derive from the characteristics of the individual and those that derive from the characteristics of the organisation. The former are manifold, and, with two exceptions, are beyond the scope of this article. The first exception is the skills of the person, and it is always the responsibility of the organisation to recruit people with the required skill set, and then to enable the development of extended skill sets as circumstances demand them.

The second exception is the ethics and values held by the individual employee, acquired through complex processes of learning and conditioning from an early age. These value systems are used to process objectives and options, with risk assessment thrown in on top of the mixture, and guide the decisions about what is and what is not acceptable to the individual, in terms of actions and outcomes, both short and long term.

There are just three key sources of the latter – the organisational drivers of behaviour. They are the design of structures, the design of processes and the behaviour of individual managers. It is these that are the source of organisational ‘permissions’ to behave in certain ways, while other ways are effectively forbidden – the ‘prohibitions’. It is in this context that the espoused values of the organisation may be in conflict with the real values of the organisation, expressed as the symbolic content of design decisions and individual senior manager behaviour – the ‘permissions’ – and which themselves may be in conflict with the values held by the individual.

Common reactions are ‘malicious obedience’, active sabotage or quitting the organisation

Where high levels of conflict occur, not only is there a price paid through behaviour patterns that are not desired, there is also likely to be a high level of frustration in the employee. As an over-simplification, this often results in withdrawal, conflict or flight. Common reactions are ‘malicious obedience’, active sabotage or quitting the organisation.

Reflection on the nature of these drivers of behaviour suggests that there will be few direct methods available of getting at what is actually producing whatever behaviour pattern it is that needs to change. Structures and processes are

inanimate constructs, and cannot themselves be queried. Focusing on individuals raises the problem of our own inaccurate perceptions of how we act. This points to an indirect mechanism for understanding how permissions are given or withheld in the organisation.

Once the key drivers of behaviour are identified and those that need to change are targeted, it becomes possible to refine the design of organisational structures and processes to enable employees to behave comfortably in ways that are both productive for the business and satisfying for them. This points to the development of a work environment in which adaptive, learning behaviour is the key path to achieving a resilient organisation.

One aim is to get away from inspirational communication – otherwise known as exhortation – of what is required from employees, that so often is only what they wish to do themselves in the first place – except that the organisation will not permit them. This type of communication, which at best can only be occasional and intermittent, competes poorly with the kind that emanates from the symbols contained in those organisational structures and processes. Ensuring that these messages, which are 'by the minute' and throughout the day, every day, are coherent within and between themselves, with the espoused values of the organisation and with the values held by individual employees, will work – and consistently and well.

Do this, and the CEO will then have all the time in the world to deliver the other aspects of the role

This means that the true role of the CEO is the development of the organisation as the vehicle for both creating and delivering the strategy. It means focusing on all the drivers of employee behaviour, and getting them inline with the key needs of the business and its employees. It means getting the permissions right, and eliminating unwanted and dangerous prohibitions.

Do this, and the CEO will then have all the time in the world to deliver the other aspects of the role. Fail to do it, and the organisation will unceasingly demand problem solving interventions – culminating in a yet another dreaded change programme. Or just maybe there is a case for waiting for yet another new flavour of the month to arrive, in the nick of time, with the promise of a shiny new magic bullet that, when fired at the organisation, will allow the CEO to avoid one more time the responsibility for doing what all CEOs should do, as their number one priority - develop an organisation that can and does create and deliver a successful strategy.