Magus toolbox

Positive change that does not stop a business

The question 'Is it possible to create positive change and not stop a business' is an interesting one. There are two assumptions implicit in the question, as expressed. The first is that there is something that could be tagged 'negative' change, otherwise the word 'positive' in the question would be redundant. The second is that 'change' can stop a business. We will argue that 'positive change' cannot stop a business, whereas 'negative change' always contains that risk. Which is another way of saying that businesses can only survive through positive change or no change at all.

The second of those last two propositions is a nonsense which we will try to demonstrate. For the rest, we will need to define our terms, before we move on. But first, to deal with that 'no change' possibility. Back to basics – business and change relate to the job of managing.

The first question is what we mean by that word 'managing'. Let us assume that all businesses need to be managed – we will ignore any fine distinctions between management and leadership, which have been written about at length by those more concerned with fine distinctions than operational reality. One, very simple but well established definition holds that 'managers make things happen through other people'. Please note what is excluded from that simple definition. Nowhere is there any suggestions that managers make people do things.

On the contrary, the definition is about getting things done **THROUGH** other people, not even **BY** other people. Implicit is the willingness of the 'other people' to engage with the process of getting things done. Which leaves us with the question of 'what things' are intended to happen.

There is an interesting convergence of ideas here that might help – interesting because one very old concept happens to mesh almost exactly with a much newer one.

Managing and change

This idea suggests that managers only really have three types of activity. They are:

- The first is dealing with past change – in other words, reacting to change.
- The second is initiating change – making decisions to do something new or something existing in a different way.
- The third is anticipating future change – taking action to handle the expected effects of changes that have not yet happened.

(We use the word anticipating' here in its sense of predicting what will be needed or wanted in the future, and taking action, in advance, to increase the probability that what is needed will happen).

This model points to three key types of activity (or skills) for managers. The first is problem solving or problem resolution – the former, problem solving, being concerned with control-type actions, to bring results back on to a desired level; the second, problem resolution, includes problem solving, but goes on to identify and fix root causes of the original problem, to reduce the probability of more problems occurring. The more positive notion of capitalising on opportunities can be substituted for problems, but the model stays much the same.

The second is decision making – choosing from available options the action most likely to achieve pre-determined objectives. Again, this can be applied to problem solving, problem resolution and opportunity seeking. An essential part of decision making is, however, risk assessment – that part of the process concerned with finding high benefit options that have low or manageable risks associated with them.

This leads to the third type of managing activity, which is about predicting possible future events or conditions. The skill here is very much associated with pattern recognition and following trends, but it is also about spotting possible discontinuities – possible future events that are not going to be predictable by following trends. The assessment process here is more probabilistic than factual, but will depend critically on data handling skills. Increasingly, as the world of business become more turbulent, significant elements of instinct or intuition and hunch are needed, as the future becomes less and less predictable by more mechanical means.

Managing and control

This is a much newer model[1] – it suggests that there are three types of control that managers need to exert. They are:

- Control by variance – appropriate in the short term, and designed to correct performance that has wandered off track. Depends on processing factual information.
- Control by grand design – appropriate for the longer term. Strategic direction is the controlling model, and depends on the use of prediction and probability.
- Control by trial and error – appropriate for the long term. Strategic direction itself may now also be up for grabs – required where prediction and probability are no longer safe guides to decision making.

A few moments reflection will suggest that control by variance is very similar to the problem solving / decision making concept noted above. In fact, control by variance can only make sense as a way of approaching some form of variation in results, that has **already happened**. Variances are differences between what we expected to happen and what actually has happened – in other words, we are dealing with past events or conditions, and then taking action to change future events or conditions. That action still needs risk assessment and good implementation to raise the probability of success, and that implies the skill of prediction.

[1] Ralph Stacey – Dynamic Strategic Management – Kogan Page 1990

Which leads us straight to control by grand design, which depends very much on prediction for success. In a turbulent world, we need to take action 'today' to anticipate probable future events or conditions, to ensure that we continue to follow the desired strategic direction. Sounds like initiating change to us.

The only difference when we get to control by trial and error is that, as prediction and probability have broken down, we have to 'try stuff' to see what works and what does not, accepting that while it would be helpful to continue to follow the pre-existing strategic direction, that also may have to change, as new learning is developed.

Before we move on, two observations. The first is that a common mistake of managers is to apply the wrong type of control. As control by variance is all about data handling and concerned with past events, it is a logical nonsense to try to apply it to matters of strategy or strategic issues. Yet that is what so many managers actually do. This produces control tension. The problem is even greater when we try to apply the same old control by variance to long term results. Sounds a bit like a dog chasing its own tail, and then biting it!

The second is that applying the different types of control mechanism still needs those same skills of problem solving / resolution, decision making and prediction / data handling.

If either or both of these two models about management have any validity at all – and both make a huge amount of sense – than there is no question of any business surviving or growing without change. In fact, a different way of expressing what we mean by managing is that it is all about change. Managers who stop processing change have stopped managing.

Over the years, through a variety of management workshops, we have asked delegates to define a management situation with which they are familiar that does not involve change. No one has made it yet, and that history goes back over 40 years! Enough said?

Definitions – negative change

The first is highly circular – tautology here we come! Change, in the sense that we have discussed it as a managing activity, is always a response to change – actual or expected. We deal with change that has already happened, by changing some aspect of operations to correct a performance variance; we introduce a change to try to improve performance in some way, either in the light of a changed environment or at least the perception of a change, now or in the future; we try to anticipate changes resulting from the action we plan to take that will introduce a change – and then change the action to accommodate the expected change.

All of which makes change central to the act of managing. So what about negative and positive change?

Negative change we will define as the response to a change that was unforeseen, and generally involves change imposed from without or above. Most of these changes involve cataclysmic upheavals in organisations; mostly they require a 'change programme'; the need for which virtually always signals an earlier failure of management.

Many of them are terminal for the business trying to create the transformation. Good people, often the best, leave. Grave doubts about management's stewardship of the business are stimulated, or reinforced if they were there before – which is the norm. The disruptive effect can actually stop important customer-oriented work going on. Productivity often drops, as conversations around the water cooler increase. Most of them presage another round of cataclysmic change, just around the corner, as such change programmes are almost always too slow for the fast changing world outside. Plus, of course, the effect of those that never complete anyway, and just fade away under the pressure to deliver all those short terms results that the bosses scream are so important – at the same time they are arguing for a total transformation!

While it easy to operate with 20:20 hindsight, and while it is also easy to note the step changes that occur in technology, markets, regulations and so on, the fact remains that the vast majority of changes that zap companies are actually change processes, and a little care would have enabled them to be spotted long before the cataclysm arrives. For example, there is a reported case of executives in one large telecommunications company declaring that Internet 'phones were just for 'techies', and would never threaten their business. Know anyone in business who is not using VoIP these days?

Besides, there is a more important point than the failure to spot significant trends and events in the market. This is the failure of the managers in question to devote the required amount of energy to build a resilient organisation. These organisations constantly monitor what is happening, externally and internally; sense and interpret incoming information that might signal the need for change; and constantly change their processes and practices to adapt to the changes.

Two key points here. The changes that drive the process of dynamic adaptation are small – they are dealt with before they become cataclysmic. The second is that everyone in the organisation is engaged with the process of sensing, interpreting and reacting to change, not just managers. As has been well known for years, operational people are the 'sensors at the periphery of the organisation'. It is they who 'know first'; who are in the best position to interpret the signals; and who can take immediate, customer oriented action.

Definitions - positive change

Let us start by excluding many of those aspects of change that do not count as positive change, as this may help focus on the real nature of positive change. Excluded are:

- Change processes that look like projects – with defined, measurable objectives, a plan with a start point and end point and a nice clear time table.
- All change programmes, which are project-like anyway, and absolutely all change programmes that have a name. ('Into the millennium with ABC Inc' and the like).
- Large, cataclysmic changes, and especially those imposed from above or without.
- Structural changes, re-organisations, relocations – and any changes involving redundancies
- All programmes that are management inspired, and especially those that are trying to play 'catch up' with external changes that have already happened.
- Sending people on change training programmes, and especially those that focus on how the people themselves have to change their behaviour.
- Change programmes with committees, steering groups and other formal 'direct-and-

control' mechanisms.

- Any change that relies on communication, obsessive or otherwise, to let people know that there is a change coming and what that means in terms of their own job or behaviour.
- Any change that is regarded as a 'one off' event, that is over and done with, once the change has been completed. This includes all of those using any variety of the 'un-forming, reforming, norming' model, (unfreezing, changing, refreezing), even including those that have an epilogue that means we have to go back to un-forming and start all over again.

Inclusion on this list does not mean that these tactics are necessarily wrong, or that they don't work. It simply means that they do not come under the heading of positive change. Each is more about transformation than change. Transformation is a tactic that starts with the need to recognise the need for revitalisation, and will include such activities as disengaging with the past; dis-identifying with the past; creating a felt need for change; handling resistance to change; and dealing with disenchantment with the current state. All, therefore, deal with the aftermath or consequences of a failure to create an organisation in which change is a normal way of life. Why else would the organisation have got in such a state that it needed a transformation in the first place?

Which is a simple way of saying that it would be better not to have a management failure, than become very expert at handling the consequences of that failure. Which leads us on to the concept of emergence.

The term 'emergent strategy' was first used by Henry Mintzberg in 1978. His intent was to differentiate between strategy formulation, (deliberate strategy), and what happens in practice. The reality is that strategy originates not in the mind of the strategist but in the daily interactions between the organisation and its environment. What tends to happen is that, as many people in many functions take part in that interaction, ideas and actions emerge and start to form patterns, some of which are successful, some are not. As successful patterns are adopted and the others dropped, organisational learning occurs, and the organisation moves forward.

This process is often underpinned with strategic direction, of the 'roughly west' variety. What counts is strategic thinking, not strategic planning. These ideas are not new. While Mintzberg may have articulated the idea of emergent strategy and given it a label, he was following in the footsteps of earlier thinkers on the subject, from as far back as 1959. If emergent strategy was the reality 45 years ago, how much so will it be now, when turbulence in the business world has reached new heights?

Back to positive change. If the real world of strategy is about emergence, then all of the three ways that managers interact with change contribute to it. Similarly, the three types of control described above, especially those of control by grand design and control by trial and error, are almost a description of emergent strategy. But with this concept it is critical that there is a never-ending process of interacting with the environment and people making micro-sized adjustments to processes and practices, to keep up organisational momentum.

So this points us to a neat way of thinking about positive change. It is:

- Healthy change, that is initiated from within, not imposed from without
- Un-ending change
- Change in which every employee is a key contributor
- About sensing messages from the environment, often from customers, and interpreting them
- About translating those interpretations into actions, often about adding value to customers
- Change as a way of life, and not occasional events

Which takes us all the way to our original question - 'Is it possible to create positive change and not stop a business'.

We would argue that the answer is YES, but more than YES. We would also argue that, with high rates of change in technology, distribution systems, markets and fashions, regulations and competition, it is the only way the businesses can avoid stopping.

Sadly, there is a sting in the tail. Positive change, as we have defined it, can only exist as long as senior managers give up ideas about managing change, except in the case of the backwards-facing, control-by-variance variety. (Even then, it should be rare for them to be involved, as such managing change activity should be done by managers much closer to the action than people at or near the top of the organisation). To promote healthy, forward and outward facing change, senior managers have to start acting on their responsibility for building an organisation in which emergent, dynamic change is enabled. That way they will be able to stop worrying about the possibility of the business stopping.

