

The Change Decision: Before and After

Paddy Miller

The process of change is one of sustaining momentum after the change decision has been taken. However preparing the organisation before any decision is taken is just as important

Resumen

En este artículo el profesor Paddy Miller analiza en términos amplios cuál es el problema fuera de contexto (OCP) que obliga a cambiar, y se pregunta cómo enfrentarse a él. Alrededor de una matriz el autor define cuatro tipos de cambio: revolución controlada, revolución creativa, adaptación gradual y creación gradual. Concluye que las posibilidades de éxito varían de acuerdo al tipo de proceso de cambio que se adopte.

Summary

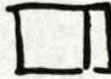
The article addresses the change in the context of out of context problems and the shortcomings of the acknowledged technology of change. A matrix is used to discuss four types of changes: Controlled revolution, Creative revolution, Adaptative incrementalism and Creative incrementalism. The author concludes that the chances of success varies according to the type of change process adopted.

It would not be far wrong to say that the problem of understanding change has been around since man first started thinking about what change was and how it worked. From the time of the ancients to the present day change has been topical. On the one hand, there is the battle cry of many change consultants that all is in flux and that change is the only constant. This was the basis of Heraclitean philosophy. It was given a firm kick in the pants by Plato some time ago. On the other, there is the subtle Pythagorean thinking that "man is the measure of all things" –that reality as it appears to one man is as close to the truth as it is to any other reality–. Such thinking permeates the work of many writers; these attempts to understand change are really a concern with, in some way, influencing the change process through decision making and action.

At one level it is clear that even if you take no decisions and do nothing, change will take place. Of course, not necessarily the way you want it to. At another level there are decisions and actions that fall within a limited pattern of accepted thinking and behaviour. Often when we discuss and take decisions about change we have in mind incremental change. Incremental change is seen to be part of the process of rational thinking and planning. Incremental change assumes the ability to revert and possibly to find different paths for change.

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Then there is a level where incremental change is not possible, where change is discontinuous with the past, where the process becomes irreversible, where control is often tenuous, where revolutionary change is taking place and involves thinking and behaving in different ways. Decision making becomes complicated because the change conditions create an out-of-context problem (OCP).



Usually, in the standard response to a serious OCP we initially see little by way of creativity. Many change decisions fall into almost a ritualistic formula and do not go beyond this.

This occurs because managers have learnt a series of responses which can clearly be identified as the "technology of change" –an invisible technology which is learned in contextual situations and applied without reevaluation of the context or consequences. Using the standard "technology of change" means being guided by knowledge acquired in different circumstances, which are similar but not the same. Those companies that have been through the cycle of applying "technology of change" solutions several times know the feeling of a rat on a treadmill running like crazy to get nowhere or, at least, to stay within sight of the competition.

OUT-OF-CONTEXT PROBLEM

Imagine how villagers in the New World were contented with their lives before the European explorers arrived. Everything they had learned about their environment told them how things should be –the technology they used, the structure of their community, the knowledge and power of their leaders. Imagine the difficulty of coping with the new arrivals, with their huge ships, their guns, their strange clothes, they were as if from another planet. Here was an OCP. Nothing has prepared you for an OCP. What village structure is appropriate, do the chiefs still have power over the villagers, do the traditional rituals and beliefs still hold?

CREATIVE VERSUS CONTROLLED REVOLUTIONS

British Airways is a much quoted prototype for change. It exemplified for many how a *creative revolution* should be implemented and maintained. With privatisation and later deregulation threatening permanent discontinuous change **BA** seemed to be able to motivate its staff to greater levels of creativity. Unlike **SAS** –the Scandinavian airline– which had received much publicity during the early change process but seemed to run out of steam needed for sustainability, **BA** appeared to have got the formula right. However a change of leadership and management in the organisation has led to recent problems ranging from unhappy personnel (with unusually high levels of absenteeism), unhappy shareholders (with the new logo and livery), and unhappy passengers (with declining service levels).

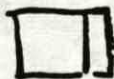
THE TECHNOLOGY OF CHANGE

Is there any difference between those villagers and organisations that are being privatized and having to compete with foreign competitors? Is there any difference between those villagers and businesses facing onslaught from global businesses and having to go global in order to stay in business? These conditions create OCPs. And we are poorly prepared for OCPs because all of our development has been contextual, we train managers and we create organisational cultures that are contextual, they survive through coping with a recognisable context. It's the OCP which leaves them in turmoil. It is the decisions around these OCPs which are going to ensure survival or demise.

All of this suggests that sustainability in the long term is one of the hardest things to get right. In essence **BA** management has moved its personnel from



involvement in a creative revolution to a position of *controlled revolution*. The chances of Robert Ayling, CEO of **BA**, being as successful as his predecessor, Sir Colin Marshall, are greatly reduced.



time being available this turnaround would have been unsuccessful.

CREATIVE INCREMENTALISM

ADAPTIVE INCREMENTALISM

The Spanish firm **Finanzauto** –the distributor of **Caterpillar** products and a division of the **Barlow Group**– is an example of a successful *adaptive incrementalist* turned around. The division's management had a lot of time to bring about change and the resource of support from its head office. As a result they were able to apply control systems used in other parts of the organisation without having to create new knowledge.

In its Canadian subsidiary in Barrie, **Volkswagen** attempted a *controlled revolution* by having management sit through many courses and seminars on the change process over a period of five to six years! These courses introduced them to the existing technology of change within the organisation without challenging them to create the environment or culture where new knowledge could be created. In reality the management were asked to apply concepts, that had worked in other parts of the world under stable conditions, to a rapidly changing market and organisational environment. The pressure within **Volkswagen** to become more market driven was made acutely aware to the Canadian management. They were unable to cope, failed (showing losses over the last five years of operations) and were eventually sold by head office.

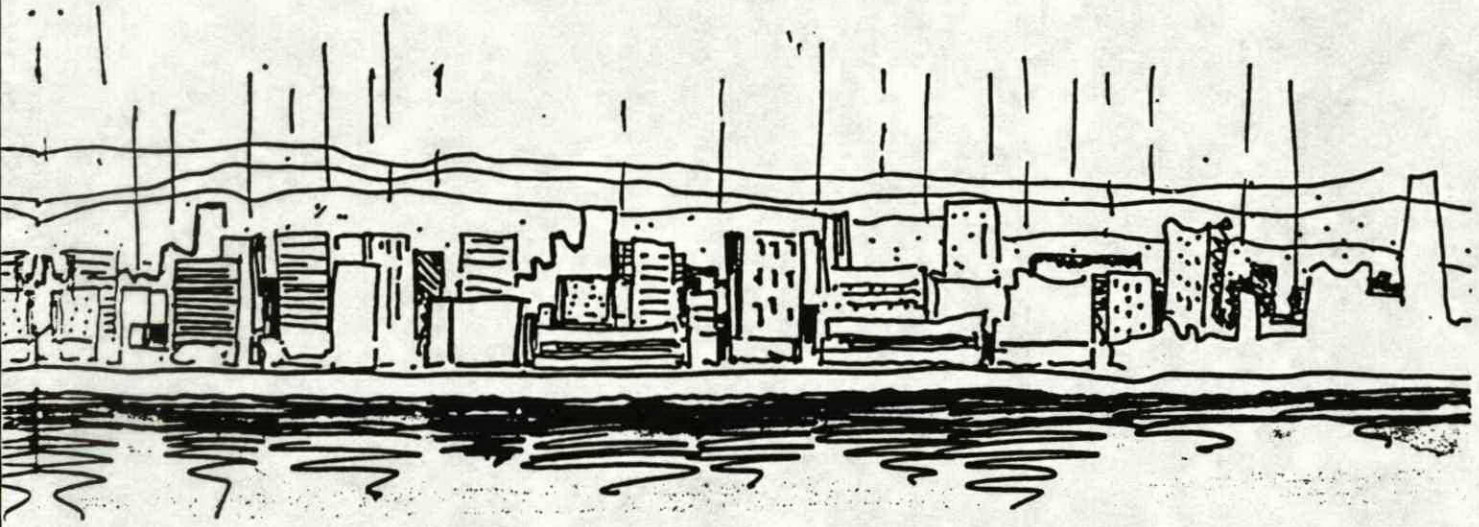
ASPECTS OF CHANGE	Discontinuous revolution	<p>Controlled revolution</p> <p>Low chance of success as applied knowledge is inadequate</p>	<p>Creative revolution</p> <p>Fair chance of success if new knowledge is appropriate</p>
	Incremental	<p>Adaptative incrementalism</p> <p>Fair chance of success if time allows</p>	<p>Creative incrementalism</p> <p>Good chance of success</p>
		Existing technology of change	Newly created
KNOWLEDGE APPLIED			

The new owners, **AWI** –a British firm– turned the business around in eight months. The emphasis shifted to *incremental creativity*. Whilst the management were au fait with all of the latest change technology they had never been given the opportunity to think through it, blend it, redefine it and add to it in their own environment. Possibly because the course and seminar leaders operated under typical "Technology of Change" conditions –never questioning the hidden assumptions of the technology. This is what they were allowed to do and they quickly changed the organisation.

Essentially the market conditions and the change steps necessary had already been identified in other parts of the world and were such that management locally could learn from that experience. Without this knowledge existing in the organisation and without

TIMING

These examples tend to ignore the question of timing. A decision of change has to be "timed" to the readiness of the organisation –its people– to not only accept change but to embrace a new reality. A new reality which will probably redefine the context of the business. In the case



of **Volkswagen**, Barrie the new reality was not possible because the management could not identify with it. In the case of **Finanzauto** the new reality was so close to the existing reality that it was not difficult to accept, adapt behaviour and change the organisation. Frankly the change decision has a stronger chance of implementation if the new reality is not at odds with the present reality. Revolutionary change requires a sharp redistribution of the new reality and for this reason revolutionary change almost always fails. If the proposed change is too extreme one runs the risk of having employees playing an unreal game. Radical revolutionary change is possible but only if the ground has been carefully prepared.

In preparing the ground for change, many executives think that two days locked away in a hotel in the mountains is sufficient. Two/three days in the mountains reviewing the situation, searching the alternatives, and a commitment to a new mission are not a difficulty. The decision itself to change especially if shared is achieved quickly (sharing the decision does run the risk of diffused responsibility).

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However it's afterwards that it becomes a nightmare because behaviour tends not to be reshaped overnight but rather in slow determined moves. It is possible to achieve change within short controlled periods rather than to aim to change over the next five years, provided that in short slots you change very little, but you have the sensation of change and momentum to build up on ongoing achievement. In the example of **AWI** Canada taking over a subsidiary of **Volkswagen** the new management found an embedded large company mentality, lots of report writing and a sense of waiting for instructions. This business had consistently lost money over a number of years without ever seeming to be able to break out of loss making behaviours.

One thing was clear, the existing management team had become victims of an environment over which they felt they had little control. What added to this was the number of "solutions" provided by Head Office in the form of change courses, seminars and three day



retreats (with and without gurus) which promised a lot but delivered very little, only continued losses. The approach of new management was simple –setting up the medium/long term objectives/"vision", searching through capabilities and key resources didn't take long– they set about slowly building and reshaping those capabilities into the team. In 100 day slots –day by day– getting little things done, achieving, winning –this business showed its first profit after only eight months. With hindsight this did not seem a great achievement, but it now turned in profits. Here's the crunch –this was exactly the same team that had made the losses.

VISION

There is much discussion about this "new reality" needing to be accompanied by a "vision". There are sufficient examples of success without a clear and simple vision to suggest that not every leader needs a "vision" nor needs to articulate it if he or she has one. Often change in a business is a fulfilment of the vision of a predecessor or a more senior executive. In **Hewlett Packard** Barcelona out of a series of different general managers who built this business into a billion dollar business –only one of the **GM's** had been identified by his colleagues as being "visionary". The others are really very effective implementors of a more or less common perspective of the future of the business. For that business to prosper it has not seemed necessary for each new general manager to be having "visions" in order to motivate and guide his personnel.

CONCLUSION

OCPs are better handed when management and employees are able to adapt their mindsets. While many writers imply that changing mindset is relatively easy, experience suggests that change is more likely when:

- The OCP creates serious danger to the organisation.
- The emotional issues involved in changing mindset are taken into account.
- The OCP is identified early, dealt with early and without falling into the traps of technology of change issues.

If anything this author believes that it is not the decision that is the most critical aspect, rather it is the preparation for that decision and its subsequent implementation.