Coping With Change in the 21st Century

By Doug Eatwell
COO, Consilient Inc., February 2015

Background: Why Do Large Scale Change Programs Fail?[1]

In a recent article[2], Gary Hamel and Michele Zanini put forward some intriguing ideas for coping with disruptive change on a wide front. They highlight two main problems with traditional change programs:

- Organizations have evolved to favour discipline and efficiency, enforced through hierarchy and routine, which severely limits the pace at which most organizations can change. As a result, change outpaces the initiative and the organization has to consistently play catch-up with a moving target
- Change is regarded as an episodic interruption of the status quo, initiated and managed from the top. When change does happen, it is typically belated and convulsive. This view of change also renders the process vulnerable to conflicting priorities – e.g. where day-to-day operational challenges divert attention away from the change process

A third factor that also has great potential to confound a change initiative, but that is not mentioned by Hamel and Zanini, is when desired outcomes are not supported by the organization's existing culture. Putting it another way, lasting change does not occur when the behaviors that are required for change are out of alignment with entrenched values.

How Can Organizations Cope with 'Relentless, Rapid Change'?

Human beings have an inherent ability to recognize patterns and make simplifying assumptions about our environment. We learn what works well and what doesn't work so well, and gradually we establish a set of rules and processes that allows us to achieve specific goals in the most efficient manner. The price we pay for this efficiency is agility and adaptability, since changing (being agile and adaptable) usually means having to deviate from our tried and true formula for success. As a result, we run the risk of

---

[1] Ref. John Kotter, Leading Change, Boston, MA: Harvard Business School Press, 1996. According to Hamel and Zanini, this statistic is supported by multiple, more recent surveys.

[2] Gary Hamel & Michelle Zanini. Build a Change Platform, not A Change Program. McKinsey & Company: Insights, 18 Nov 2014

continuing to produce buggy whips in the most efficient manner long after the invention of motorized transport.

The convergence of information and communication technologies has put the Internet and mobile communication at the disposal of virtually anyone on the planet. Tools of unimaginable potential are thus now in the hands of billions of people. As a result, we stand at the threshold of an innovation revolution where widespread disruptive change is likely to be seen on a scale that is difficult to conceive from our current vantage point.

Pattern recognition and simplifying assumptions will be of limited value in a world of such rapid and relentless change. Paradoxically, these skills could even be counterproductive since they predispose us to the establishment of rules, policies and processes – all of which restrict our nimbleness and creativity.

The challenge for management in modern business is not to reduce or eliminate complexity, but to find ways to thrive in an ever-changing, complex world – a world where creativity and innovation are the fuel of success. Management can no longer afford to regard change as an 'episodic interruption'. Instead, it should be viewed as an ongoing imperative. If this is the case, then the term 'change management program' is clearly headed for obsolescence, and the argument for a *Change Platform* – along lines such as those sketched out by Hamel and Zanini – becomes extremely compelling.

The Challenge: Engaging Creativity on a Broad Front while Maintaining Direction

One of the tenets of Hamel and Zanini's *change platform* idea is that it mobilizes the creativity and problem-solving capacity of personnel on a broad front. It is important to recognize that the thought of entrusting deep organizational change to employees at large could be a daunting prospect for even the most enlightened leaders. This scary step is, however, necessary if the organization is to respond successfully to relentless, rapid change. Attempts to 'control' the platform through conventional means (policies, rules, objectives, etc.) counteracts the very purpose of unleashing the creative potential of many minds.

So how do we reap the benefit without running the risk of descending into anarchy?
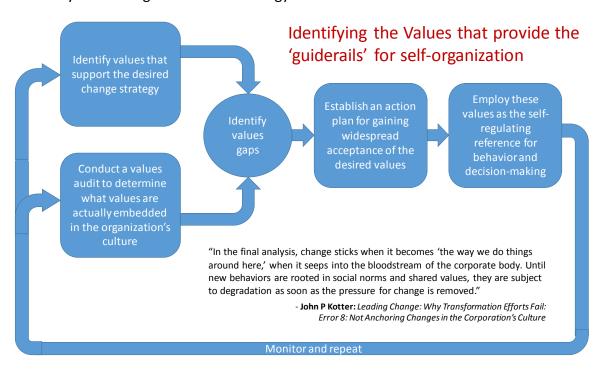
The best way to resolve this is to make the system self-regulating – in other words, to establish boundaries or 'guiderails' **in the form of shared values** that ensure the process of change continues to advance the organization towards the achievement of its core purpose.

A strong set of deeply-embedded values provides a common internal touchstone for self-regulation. 'Managing by values' in this way ensures that creativity is not stifled by rigid

instructions or objectives, but instead relies on employees' capacity for self-organization derived from their buy-in to the shared values. In their 2002 paper on managing by values[3], Dolan and Garcia describe the result as follows: "...*people are not confined in narrow roles, and gradually develop their capacity for differentiation and relationships, growing continuously towards their maximum potential contribution to the efficiency of the organization*."

The challenge is to ensure that the values are: (a) aligned with the change strategy, and (b) accepted as authentic – in other words, practiced throughout the organization. In order to do this, it is necessary to conduct a values audit – to discover the organization's authentic values and to identify 'gaps' between these and values that are strongly aligned with the change strategy. Once the gaps are identified, action must be taken to communicate top management's commitment to the desired values and to obtain the commitment of employees to them as well. Finally, the values should be monitored periodically to ensure that they remain aligned with the strategy over time.

Identifying the Values that provide the 'guiderails' for self-organization

- Identify values that support the desired change strategy
- Conduct a values audit to determine what values are actually embedded in the organization's culture
- Identify values gaps
- Establish an action plan for gaining widespread acceptance of the desired values
- Employ these values as the self-regulating reference for behavior and decision-making
- Monitor and repeat

"In the final analysis, change sticks when it becomes 'the way we do things around here,' when it seeps into the bloodstream of the corporate body. Until new behaviors are rooted in social norms and shared values, they are subject to degradation as soon as the pressure for change is removed."

- **John P Kotter:** *Leading Change: Why Transformation Efforts Fail: Error 8: Not Anchoring Changes in the Corporation's Culture*

What's needed to Make This Work?

In their article, Hamel and Zanini talk a lot about *what* should be done to create a Change Platform, but they spend little or no time explaining *how* to do it. For example, they say that individuals must be encouraged to tackle significant organizational challenges; that

---

[3] Simon L. Dolan and Salvador Garcia – MANAGING BY VALUES IN THE NEXT MILENIUM: Cultural Redesign for Strategic Organizational Change

3

honest and forthright discussion must be fostered; that dozens or hundreds of potential solutions must be solicited, and so on. This begs some important questions. Who will do these things? Who *should* do them? There certainly appears to be a role for a moderator here. Not to control or impose rules, but to invite and organize and encourage and cajole the participants.

Moreover, while the process could probably be managed 'manually' – that is to say through workshops, focus groups, one-on-one discussions, etc. it could be greatly facilitated and enhanced through the application of technology that is, in large part, already available – perhaps something akin to a social network, but inwardly focused on the organization and adapted to promote the exchange, screening, rating, storage and exploitation of ideas.

Possibly most important of all, for the idea of a change platform to work, it cannot merely be seen as 'Change Management 2.0'. The idea has far wider application. It is, in fact, a way to become continuously adaptive by harnessing the creative capacity of all personnel. To achieve this requires a far-reaching transformation of the management mindset. It's more than simply managing change – it's a completely different approach to running a business.

A Final Thought

There's no doubt that information technology and mobile communications has ushered in an era of unprecedented disruptive change for business. As a result, the need to continuously transform is no longer *an* option – it is *the only* option.[4]

Doug Eatwell
Chief Operating Officer
Consilient Inc.
+1-416-500-1615
doug.eatwell@consilientinc.com
www.consilientinc.com

Consilient Inc. harnesses the power of converging knowledge from diverse data, information and knowledge sources to develop solutions to complex business problems. The Consilient Universal Organizational Values Framework allows companies to measure the extent to which their organizations are effective in embedding their core values into their organizations. The company works in collaboration with a network of specialist partners to effect business transformation. For more information please see: www.consilientinc.com

---

[4] Lars Faeste, Jim Hemmerling, et al. "*Transformation, the Imperative to Change*" – Boston Consulting Group, Nov, 2014

4