

Beyond Change Management

By Nick Mayhew

Many institutions and their leaders face some awkward decisions when it comes to implementing and navigating change. On the one hand, there are the increasing pressures to shift and adapt – whether in response to the increasing competitiveness of the market-place, for example, or the demand for public service modernisation.

On the other hand, it is commonly cited that some 70% of change initiatives fail, and that the money wasted in the process is vast. One estimate puts the global cost of management time and effort alone at \$50 billion per year! How might leaders and managers best negotiate this dilemma?

Recent research by the change leadership consultancy, RFLC, provides some welcome clues. Over the past 3 years it has amassed, coded and analysed over 70 change stories from some 12 organisations across different sectors, via interviews with senior managers. It has been especially interested in organisations attempting ‘high magnitude’ change and what makes the difference between success and failure.

The data revealed four broad categories of approach to change within these organisations, which RFLC has labelled Directive, Master, Self-assembly and Emergent. Each involves leaders and their organisations in very different ways of thinking and behaving – and appears to lead to correspondingly different results. The findings are likely to challenge many leaders, despite confirming much of what they have possibly known at an intuitive level all along.

Though confirming the anecdotal evidence for poor returns from change initiatives, perhaps the most startling finding is that the most common approach to change, Directive, is so clearly correlated with failure.

It accounts for a 48% of the failures when considered as a possible contributory factor.

The Directive approach to change is one many will know well: change is initiated, driven and controlled by a small group from the top down and is ‘rolled out’ via a few, relatively standard interventions. It involves tightly controlled, often ‘cascaded’ communications and explicit project management, and is often described in terms of ‘a programme’.

One leader describes a typical result: “We launched a typical values initiative – wanting to see everybody respecting each other, having integrity, courage and so on. And that was 3 years ago... I would suggest that most people around here would now struggle to articulate those values, because if you look at the way they were communicated, there was total lack of engagement from anyone else.”

To avoid such an outcome, organisations often attempt to facilitate greater involvement in change at the local level. One approach involves the centre providing templates or ‘tool-kits’. The idea is to enable local-level customisation and innovation of the process, while keeping the content of the change within clearly defined, tightly managed parameters.

RFLC calls this the Self-Assembly approach to change: just as an Ikea flat-pack provides greater scope for individual involvement and ingenuity, there are still some common instructions to follow and only one end-result will satisfy!

Self-Assembly is particularly common in the public sector where Whitehall seeks to balance target-hitting with regional ownership of the results. However, RFLC found that this approach also correlates significantly with lack of success – accounting for 44% of the failure.

Deborah Rowland, RFLC's Chief Executive, believes that both Directive and Self-Assembly approaches to change suffer from a common flaw: "All our consulting experience points to the fact that change is complex – that movement in one part of a system inevitably stimulates movement in another part, and that this is often highly unpredictable. Yet both Directive and Self-Assembly approaches proceed from an assumption that change occurs in a linear way and can be managed quite straightforwardly."

So what does work? Malcolm Higgs, Director of Research at Henley Management and RFLC's chairman, says that it comes down to the ability to work with complexity: "The new sciences are showing us how change is a result of the subtle interplay between chaos and structure – which is complex. But this is also frightening for some, as it involves giving up many of the illusions of management control."

How are organisations actually doing this? RFLC's research points to two ways in which organisational 'change leaders' are working more realistically and successfully with the creative tension between chaos and structure.

The 'Emergent' approach to change perhaps requires the most radical change in managerial mind-set: it typically involves setting very few, but fundamental, rules and a reasonably loose direction. Change can then be initiated and encouraged anywhere in the organisation – often as a result of interaction between a small, diverse group of individuals. It is then spread through lateral connections and informal networks.

As one leader of a successful turnaround reports: "My role was to listen, sense, coach and guide. I did not make business decisions. In fact, one of the fascinating things about all this is that frankly I controlled nothing."

If the risks of such an approach seem high, the rewards are apparently worth it. The research results show an 'Emergent' strategy consistently producing higher success rates than the other approaches - not only for high magnitude, long-term change, but for quick change over the short-term too. As a possible, determining factor, it accounted for a highly significant 32% of the success.

One reason for the success of an 'emergent' approach lies in its responsiveness to the customer. According to one senior manager: "...a vital piece is to have people with 'antennae' reaching out into the market-place, sensing and listening; they then distil that information, and use it to stimulate the organisation to move on – as opposed to having people just sitting in fixed states, saying: 'That's it. That's the way I am going to run.'"

RFLC reports that the remaining, 'Master' approach to change often serves as a 'bridge' for organisations wanting to move beyond their default Directive styles and to test out these more 'chaotic', but rewarding, Emergent-style strategies.

The Master approach, like Directive, is characterised by change being driven and managed by a small group at the top, or centre of the organisation, from one perspective. The difference, however, is that this group is open to a greater variety of responses and initiatives at the local level and remains in continual dialogue with them – adapting accordingly. The leadership is also committed to building change capacity in others.

This attention to communication feedback loops and a concomitant openness appear to allow the centre to direct and steer a course ahead more skilfully. RFLC's most recent research results show that a Master approach accounted for a significant 21% of the variation in success of long-term change initiatives. This does therefore seem to offer a viable strategy for moving beyond the failure of traditional, more simplistic approaches to change.

Perhaps one major reason for so many change management initiatives failing, lies in the somewhat oxymoronic term 'change management' itself. For it appears that where 'management' involves heavy-handed attempts to control the inherent complexity and 'messiness' of change, organisational change is doomed to fail.

Maybe this is why RFLC prefers 'change leadership'. As Deborah Rowland says: "The true value of this research lies in how it enables managers to become more conscious of the strategic choices they have when delivering change. This, in itself, reduces the fear of change and the associated need to control, and instead serves a sense of vision and deftness of touch. We have seen with our own eyes how this soon turns 'change managers' into 'change leaders', achieving remarkable results at both organisational and personal levels simultaneously."

Table Summarising the Four Approaches to Change © 2006 RFLC

Approach to Change	Summary of Distinguishing Characteristics
Directive	<ul style="list-style-type: none"> • Change initiated, driven and managed by the top/centre; • 'Rolled out', often as a programme, via a few, standard interventions; • 'Cascaded', one-way communications.
Self-Assembly	<ul style="list-style-type: none"> • Change objectives and content set by the top/centre; • Customisation of process at local level, supported by 'tool-kits'; • Accountability for implementation devolved to local level.
Emergent	<ul style="list-style-type: none"> • Change guided by a few 'hard rules', but can be initiated anywhere in the organisation; • Diversity of perspectives, connections and experimentation encouraged; • Capacity continually being developed.
Master	<ul style="list-style-type: none"> • Change initiated, driven and managed by the top/centre; • Process and detailed goals adapt in response to two-way communications and feedback, resulting in varied interventions; • Capacity development as required.