Orientation

Maintaining Organisational Effectiveness in Times of Dramatic Change

Belden Menkus

If you are suffering a loss of organisational effectiveness due to the pressure of change, six quickly implemented tools can help you regain commercial momentum.

Executive Summary

Change often leads to a drop in organisational effectiveness and a loss of commercial momentum. Concern over these negative effects can deter management from making needed changes. Both of these factors lead to loss of competitiveness and erosion of value.

In this paper, we take a fresh look at what causes this drop in effectiveness and how you can avoid it. Our major conclusions are:

1. **The accepted wisdom is wrong.** The most widely accepted explanation of this drop in performance – the change curve effect – is, at best, only partly correct. It has been greatly oversold as the most significant cause of organisational ills during times of change.

2. **You have to understand "no change" to understand change.** Organisations have a rich set of tools they use to create organisational effectiveness. Understanding how these work in times of no (or low) change highlights the problems that will occur during times of change.

3. **Six tools can maintain organisational effectiveness.** There are six tools that can remove the major reasons for loss of organisational performance during times of change. These six tools help maintain organisational performance during a time of change and are themselves powerful tools for making change.

Change doesn't have to mean a loss of focus and drive. With the right tools, it can align and energise your organisation.

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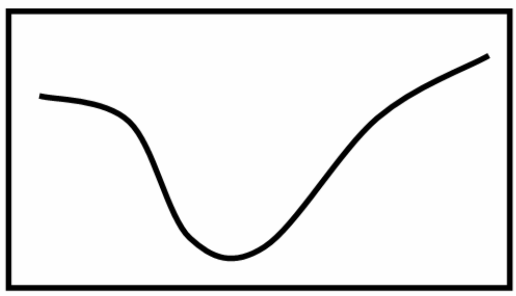
The accepted wisdom is wrong

Before we get into the meat of our topic, I want to share with you an overall point of view on organisational effectiveness and performance. As this paper is going to be very ‘numbers light’, I thought I’d use an equation:

$$\sum_{ee=1}^{n}\sum_{t=0}^{m}\left(\textbf{Action (ee, t)}\right) = \textbf{results}$$

Or, in plain English, what individual employees do minute by minute determines the business results you get. Ensuring your employees’ actions, minute by minute, add up to the results you want is the key to maintaining organisational effectiveness. So our question becomes “why does this break down in times of change?”.

Let’s see how the generally accepted wisdom on change deals with this. Most business executives will have heard of “the change curve”. (If you haven’t, your HR Director almost certainly will have.) The change curve idea posits that individuals go through an internal, emotional process in a relatively fixed sequence when faced with change. The exact model varies, but they all look roughly like this:



Here’s what advocates of the change curve generally say about it. “In the early stages, an individual resists (or even denies) the fact of change. Then there is a drop in mood, in energy levels, in performance. After a period of time, there is a gradual acceptance of the fact of the change and an engagement with the implications of the change – leading to performance that may well be higher than at the start. Different people go through this process at different speeds, and sometimes they go back and forth a few times. Keeping this drop shallow and short is the key factor in maintaining organisational performance during change.”

Much of the thinking about the change curve (and its many cousins) comes from investigation of human reactions to death and dying. In other words, from looking at situations of major loss. Which brings us to the first weakness of the change curve as a tool to explain and manage organisational performance: not all change is loss. What if I told your dream car was waiting outside for you right now, fully paid (tax free), fueled, ready to go? That might be a change, but I suspect you wouldn’t go through a mood slump.

The second weakness, as one of our clients pointed out in an early discussion of the ideas in this paper, is that employees' moods go up and down all the time anyway. Losing a key sale, trouble at home, paper jam in the copier, cloudy weather. Any of these, and much more, can lead to low mood. A good manager deals with employees in a way that gets good performance from them, in spite of their ups and downs. If each individual goes through the change process at their own speed and time, then what makes the ups and downs due to change different from any others? And, if they aren't different, why would they need to be handled differently?

But the third weakness is the most important: the 'change curve effect' is supposed to be the primary reason why organisational performance falls during times of change. And, to be fair, it does have some role to play – the link between mood and individual performance levels is fairly clear cut. But, at least in most industries, business performance isn't just about level of individual energy and activity.

Given these weaknesses, I'm fairly sure the change curve isn't the only or even the most important factor behind loss of organisational effectiveness in times of dramatic change. I think there is something else going on.

> About resistance
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> Many change management techniques, including the change curve, focus on how to reduce or overcome employee resistance to change. Yet, this feels a bit like fighting yesterday's battles.
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> For a number of reasons, today's workforce is more open to change. Older employees have already been through significant work-related change and most no longer have expectations of life-long employment with one company – or any of the other rigid expectations that often stiffened resistance to change. For younger employees, those expectations may never have been there.
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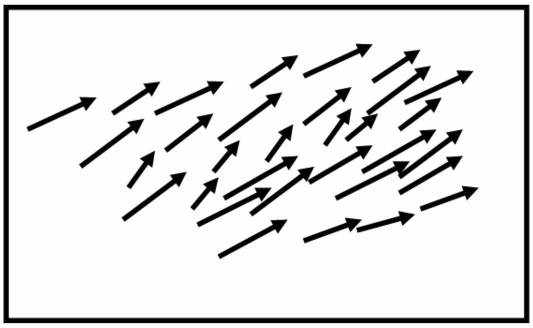
> Instead, there is an expectation of continuing change – at work and in their daily lives. Accelerating technological progress, travel and contact with other cultures, increasing ethnic and lifestyle diversity and other influences leave people open to still further new ideas – and with that a growing sense that they might successfully ride the waves of change, rather resisting them.

Understand "no change" to understand change

What else – besides mood – might impact how well the moment by moment actions of your employees add up to create the results you want? To see this clearly, let's look at what shapes employees' actions, in times of no or low change.

However, before we do that, I need to introduce an idea we call "orientation". If you view what an individual employee does as being like an arrow, then employee mood may explain its speed – but not its direction. You might think of orientation as the direction of the individual arrows. It determines how well any individual's actions fit with the overall direction of the business – and with what others are doing.

In times of change, some employees may slow down a bit, some may actually speed up. If everyone's heading in the right direction, then a bit more enthusiasm, a bit more steam, does help. But, the critical factor is having everyone going in roughly the right direction. Perhaps like this:



Understand orientation in times of no change

Now, let's have a look at what it takes to keep employees headed in roughly the right direction – even when there is no change occurring.

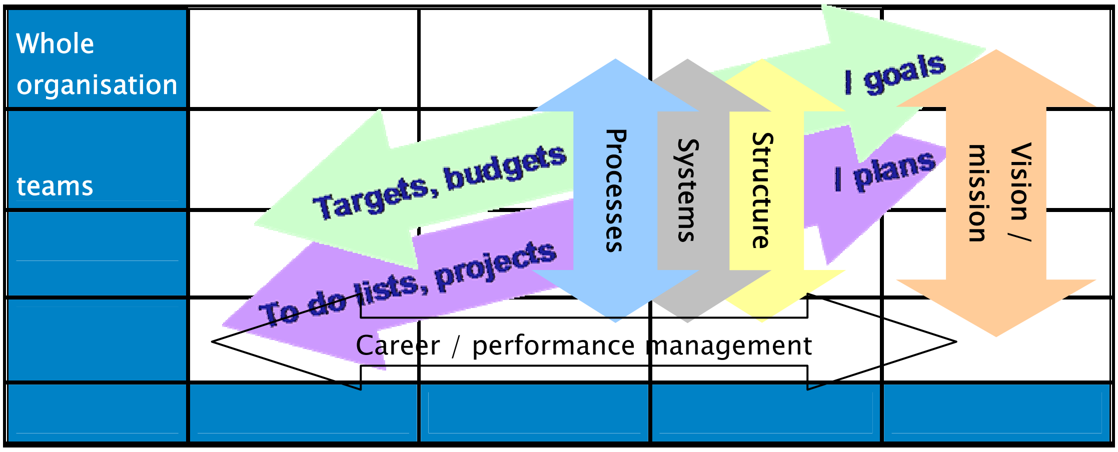
First, let's get the full scope of this problem. You've got to consider is happening right now all the way through to what is supposed to happen over the very long term. It doesn't do any good if everything fits together now, but you've left out important things in the future. "Everything's fine on the revenue front, but we forgot to develop any new products." And, you've got to link each individual into the overall picture – usually through a hierarchy of groups or teams.

The orientation "playing field" might look like this:

Whole organisation				
Team of teams				
Team				
Individual				
	Now Today	Near Term Next 90 days	Medium Term 1 –2 years	Long Term 3 – 30 years

If that's the playing field, what's on it? Most organisations have some way to disaggregate their longest term, whole organisation mission or vision into lower level ones by function or business unit and occasionally by team. Many individuals (often on their own initiative) link their long term personal goals and plans to what they need to do now; they sometimes connect that with the business's formal career and performance management processes. Individual job descriptions usually fit within organisational structures that show who is responsible for what. Similarly, individual goals relate, more tightly or more loosely, to goals and objectives for larger parts of the organisation. Further linking things are strategies and budgets, project plans and action plans. Then, layer on top that a good helping of processes, systems, professional standards, values, habits and anything else I've left out or that is unique to your organisation.

If you were to map it in even the crudest way, it might look something like this:



The sad fact is the linkage among these is generally only roughly right: structure doesn't exactly align with current processes, annual targets that individuals are bonused against aren't a complete reflection of the current business goals, some projects continue well after the reason for them has gone away. Rather than argue that tremendous effort be put into fixing all this, we say that you shouldn't generally aim for anything better than roughly right. Given the amount of work needed to make it perfect, the increase in performance from making a "good enough" version into a perfect one usually won't be worth it.

As a result, most organisations live with "good enough"; in fact, many organisations do quite well with "good enough", thank you. They can because middle management smoothes over the places where things are only "roughly right". And, in an organisation with a healthy culture, individual employees see what needs to be done and do it. But that only works if they can see it and do it.

Understand orientation in times of change

To understand what happens during times of change, we need to revisit my opening theme: ensuring that your employees' actions, minute by minute, add up to the results you want is the key to maintaining organisational effectiveness. But, the right actions only occur at the right time, in the right way, if employees:

1) know what needs to be done – the "**head**" stuff

2) can do it – the "**hands**" stuff

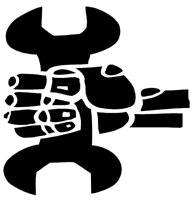
3) want to do it– the "**heart**" stuff

In a relatively stable business situation, middle managers spend a lot of their time making sure this is the case.

But, what happens in the midst of dramatic change? Put simply, all the weak links come apart.

First, the "head" stuff. Not "know how", but "know what" and "know who". What is supposed to be done, and who exactly is supposed to do it, often becomes unclear. It may have been unclear all along, but that has been – very appropriately – smoothed over. Good managers and sensible, motivated employees just stepped in and did what needed to be done.

When change occurs, that's not so easy to do anymore. There are changes to the way things are done and even the way you can tell what needs to be done. Even the things to be worked on change. Suppose selling products to local buyers becomes selling overall solutions to central purchasing. What needs to be worked on (an account, a selling opportunity, a specific buyer)? Where does an employee actually find that work (here in the office, out in the field, at the customer contact centre)? Things that need to be done don't get done because it's not clear who is responsible for doing them. Or they can't be recognised for what they are: as work to be done. Even the best planning can't ensure this doesn't happen. The result can be as if the organisation has lost its mind.



Then, there's all the "hands" stuff. Tools, resources, time, information, personal skills and experience – everything you need to actually do the work. Often, change means you need more, different, in a new place, at a different time. All of a sudden, the natural ecology of resources and requirements – the formal and informal ways those have been kept in balance – has been disrupted. The work-arounds that used to get resources where they were needed, that coped with shortages, that matched employees' skill levels to work they could do – all those workarounds get overloaded, or are no longer effective.

And, the very fact of change, the work associated with it, adds workload. If that isn't factored in, individuals and organisations can go into "thrashing" behaviour: they start one thing, before they get it finished they get interrupted by something else that's more urgent, then – before they get that next one finished – still something else, and on and on until the original thing they were working on is either lost or has through lack of attention become urgent itself, setting off another round of interruptions.

Finally, there's all the "heart" stuff. And, yes, here there can be issues of motivation, of loss. One of the most unsettling losses is loss of competence. When employees – who used to be able to do what the job required – all of a sudden aren't capable. Or where the actions they used to take no longer have the same effect, no longer yield the same result. So, the heart stuff can be driven by what's happening in the other two areas. Or it can be more straightforwardly about loss of relationships, of status, of power. Or the loss of certainty about what is going to happen. In these situations, the change curve can act as a reminder of the possibility of a loss of motivation, can be a stimulus to consider who might think they are losing out in any planned change and what their response to that might be.

On the other hand, depending on how it's done, the "heart" stuff can be about renewed hope, about more inspiring ambition, about personal advancement and reward. And, being able to see what needs to be done and being able to do something about it underpins and reinforces that ambition, that hope. In situations where this happens, there is sometimes an effect almost the opposite of that predicted by the change curve: wild over-excitement at how wonderful it is going to be, followed by a return to reality.

About building skills

When leaders contemplate a major change in their organisation, they often realise their people don't have the skills they need. In some cases, they hold off making change until the organisation has completed a "skill building" programme.

We suggest you don't. Anticipatory skill building programmes generally deliver little in the way of retained skills. Instead, we suggest that you find ways to build skills as you need them, including:

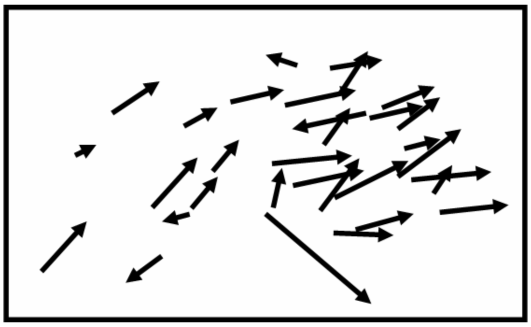
- Pilot programmes that allow skills to be developed at the same time as you refine the offerings that will need them
- Just in time hiring of key staff with the skills you lack
- Finding those people (who seem to exist in almost any sizable organisation) who have skills you need, but just haven't had a chance to use them yet.

Of course, however you decide to build needed skills, including that in your overall change approach is vital.

What happens to orientation?

Given all that, what actually happens in times of extreme change? Some people lose a bit of steam, lots of people head off in slightly different directions from where they had been going (directions that might not be the one you want), some get very energised but go completely off piste, some start going in reverse and work against the changes you are trying to make. All of a sudden, it's no longer that "good enough" picture of everyone headed in the roughly right direction.

Getting everyone operating with more enthusiasm will go only a small way to fixing this sort of picture:

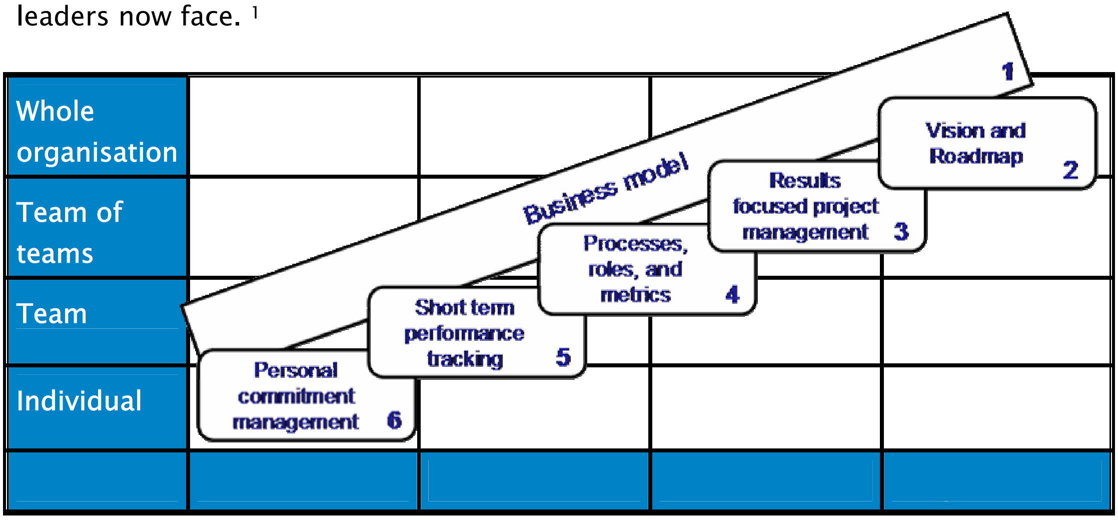


And, you won't be able to get all the tools of orientation – the plans, the structures, the job descriptions, the compensation plans, all the multitudinous things – you won't be able to get them all changed to point in a new direction quickly enough. So, you'll have to pick a few to focus on.

Six tools can maintain organisational effectiveness

Which tools would we suggest you focus on?

Our experience is that the six shown below make the most difference. They underpin our "Off Road Action" methodology, a new change management approach that is effective even in the circumstances of strategic uncertainty, resource and information incompleteness and ever shortening timeframes that most business leaders now face. [1]



These six tools help maintain organisational performance during a time of change and are themselves powerful tools for making change. They work best if linked to each other, but each one can make a useful impact by itself.

A few quick thoughts on each:

1. Business model

This could seem like the most abstract and academic tool. Yet, people's actions – at least their sober and considered actions – are often determined by a model (more or less explicit) about the connection between what they do and the results they will get, as well as their sense of what is possible, what isn't allowed. In a similar fashion, employees almost always have some mental model of the business, the industry it is in, the results management wants, the actions management is taking to achieve them, and the part they personally can play in that. The problem is that the mental models that your employees have aren't the same – and many aren't even close to right. In most businesses, there's very little reason why they should be – since they usually have had to figure them out for themselves.

A good first step in creating an explicit, shared business model is to take some time with your management team to explore the mental models you each have of how the business currently works and how you want it to work. For teams that haven't done this before, it can be surprising how different the models are. Making these models explicit can go a long way towards avoiding misunderstandings and misalignments in implementation – which can undo even the best planning and strategising.

However, the business model doesn't have to be just a high-level picture. It adds most value when translated down to the level of individual employees, so they can see how changes that will directly impact them will benefit the business. And, employees can see how their actions will lead to desired results.

A well-developed business model is what aligns each of the other tools. In turn, each of the other tools helps give the model useful detail and reality – so that it can be an effective way to select what actions to take to get desired results.

2. Vision and roadmap

The vision and roadmap is the highest level, longest timeframe statement of what results you want. It should be something that people can relate to, that shows where the organisation is trying to go and how it will get there, including what's supposed to happen once it gets there. Vivid, tangible

About motivation and leadership

For a lot of your employees, they want work to be something more than just a way to earn a living. OK, maybe not all of them, but the evidence is that a growing number feel that way, particularly of the most highly paid, highly skilled employees. These "top talent" employees often have a wide range of options available to them about how they earn a living – and they are often the ones whose full commitment (or lack of it) to your business will make it (or break it).

At one level, the work of leadership is helping employees see the link between what the business needs them to do minute by minute and a bigger purpose that has value to them and the world beyond a payslip. Ensuring that you can articulate this purpose and the way they can contribute to it is a key part of leading effective change.

statements or pictures of what it will be like for customers, suppliers, partners and employees are much more useful than the “best…, number 1…, leading…” statements that often get created. But, how do you bring these pictures to life?

In most businesses, there are a few pivotal events, actions, exchanges, decisions, results, that everything else is building towards. In the retailing world, it’s somebody taking something off the shelf and paying for it. In the insurance world, it’s somebody experiencing a loss and then being reimbursed for it. These change: the events that are pivotal change and they way they are meant to happen changes. Being clear about what the new pivotal events are going to be – and what must occur before and after them – is a critical part of clarifying what the future is going to be like.

Once you have a clear picture of what the future is meant to be like, you need a path that will get you there. This shouldn’t be a complete project plan for everything that needs to happen, just a high-level identification of the sequence of major changes – including when and how they will be made. It’s this roadmap that helps determine what projects you need to undertake and how they fit together to get you where you want to go.

3. Results focused project management

Actually implementing change is generally done through projects. And, increasingly in many industries, so is the day to day work. In fact, in many situations, it’s getting harder and harder to distinguish between implementing change and the day to day work. That means that effective – rather than technically perfect – project planning and management is critical, both to make the changes needed and to keep the ongoing business on track. Three things matter here.

First, plan and manage to results. That may sound basic, but it’s surprising how many projects there are where the people working on the project can’t say what the overall result is meant to be; where doing the project becomes the goal and completing the project counts as success – even if business results are never delivered. In the midst of an extreme change situation, you won’t have time or resources for that.

Second, use 90 day action cycles. Make sure each project delivers tangible results that have business benefit at least every 90 days. That doesn’t have to be bottom line financial results, but it does have to be tangible and it does have to clearly move the business forward. (Having these demonstrable results also helps with the “heart” stuff.)

Third, revisit the projects you have underway and see if they need to change or be stopped in light of your new direction. It’s often the case that a detailed and hard-nosed review of your existing portfolio of projects will uncover sufficient resources to offset a major part of the additional work needed to implement planned changes.

4. Clear "who does what": processes, roles and metrics:

Once the project requirements are clear, then it's time to sort out the "who does what?" issues.

This starts with defining the "what": how will the work be done? The answer doesn't have to be a detailed step by step process, nor lots of pages of job descriptions – and in many cases, the answer is "exactly the way we have been doing it".

Where changes are going to be made, a high-level map of the whole process is essential. There are many tools for mapping processes, but most of them involve too much detail – and often muddle together the core work to be done (the "pivotal events" described above) with all the preparation needed to get ready for this: combining new product development with market launch with ongoing sales. We've found it most helpful to start with the pivotal event(s) – as simply and plainly as possible – and then add in only those other things that also have to change.

> Process or project first?
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> It might seem logical to fix the processes, roles, and structures before deciding who will do which projects.
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> However, that approach leads to key change projects being placed at the edge of the organisation, as add-ons – rather than at the heart of it, as a core part of the organisation's growth and survival. As a result, change often happens more slowly, more expensively and more unreliably than it need to.
>
> A more effective approach is to decide which change projects are needed in the near term, combine that with all the ongoing activities needed to keep the business running, and then ask "How do we get all this done? How do we best organise the work? Who is going to do what?".

Once projects and processes have been decided, what's needed is being clear which roles play what part in the ongoing work of the business, as well as in the projects to make change. What is needed is clarity about who is responsible for making sure key things happen, who can make business critical decisions, who needs to take which actions. This can often lead to decisions to change the way roles are bundled together – in other words to change the organisation structure.

It never hurts to agree a few key metrics for processes and roles at this point – from the highest level through to each individual employee. These metrics should be actions individuals are going to take or the results we expect to get from those actions. Clarity about planned activities and their expected results is the heart of being able to track progress effectively.

5. Short term performance tracking

This is the master tool for organisational effectiveness. Know the actions that need to happen, know the results you expect from those actions, and check if the actions are taken and the results achieved. Tracking performance in terms of both actions taken and results delivered allows you to see what is needed to put things back on track. It's the master link, but too often the missing link.

There are lots of tools designed to help with performance tracking, but you don't have to install a new management reporting system. What's needed is clarity at an individual level about actions committed to and their expected results – and, most importantly, the management discipline to check if the actions were taken and if they had the expected results.

> About embarrassment
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> One unacknowledged barrier to organisational performance, particularly during change, is the fear of embarrassment. Now that may seem a bit of an odd claim, but consider only two of the ways embarrassment gets in the way:
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> 1) During change, it is critical to quickly identify any areas where progress isn't being made. Yet, when one's own timelines slip, there is a strong temptation to keep things vague – at least partially to avoid embarrassment. This means people often describe incomplete activities as "almost done" – or focus on the reasons why they haven't been done – rather than clearly communicating that they haven't, so corrective action can be taken.
>
> 2) Likewise, there is a matching reluctance to probe for the facts. Managers often have strong empathy with employees who haven't done what they said they would, or whose actions haven't yielded the expected results. Here the fear is of causing embarrassment, but it has the same result: lack of clarity and slower, less reliable action.
>
> Creating an atmosphere of openness and unembarrassed honesty about the facts – whatever they are – can help reduce these and other negative consequences of embarrassment.

6. Personal commitment management

Let's face it. In some organisations, if someone says they will do something, all that means is that they might do it. They want to do it. They're willing to do it. Which, in a "no change" situation, is usually enough: they've got lots of support to keep them on track to do what they said they would. But, when the business goes a bit "off road", when the organisation has started to change but isn't settled into a new way of doing things, that's when it's vital that people stay on top of their commitments.

Given everything I've just said about what happens in the midst of change, that doesn't mean 100% delivery, 100% results. It can't. But it does require that people do whatever they can to take the actions they say they will, and to let others know promptly if they won't be able to deliver on their commitments.

Sometimes, it's worth an investment of time and effort in events to get employees throughout the organisation to focus on their own behaviour and standards in this area – and to establish a clear set of principles that everyone is going to be expected to live up to. My observation of groups starting to wrestle with this one is that they often find it hard at first, but once they see that it's OK to say, "I didn't get it done, what do we do now?" they find it a very powerful and effective way to operate.

Putting the tools in place

It might seem that it could take a long time to put these six tools in place. However, that's not so. Creating a first cut, top-level business model can be done in the course of a long afternoon. The refinement of it can then be part of a process to cascade the vision, goals, projects, processes and roles down and across an organisation. You can start at the top of your organisation, address the first four tools in broad outline, and then put in place a process that helps people throughout the organisation to develop the local detail – the detail they need to maintain their own and the organisation's performance. With appropriate resources and a bit of careful preparation, you can engage hundreds or even thousands of employees in the space of several weeks.

Results tracking should flow naturally out of project planning and the design of processes and roles – if you've created appropriate metrics. Starting the tracking process should be embedded in the way you cascade the first four tools through the organisation. Personal commitment management should be linked to results tracking, and – like most things that have to do with organisational culture and behaviour – needs a strong dose of "walk the talk" from the top. That means it starts with you.

So, the good news is that you can get these tools deployed quickly, they make a big difference, and – if you implement all six – they are somewhat self-correcting. If the first version isn't quite right, you have a framework that allows people throughout your business to improve them as they go. Once you have these six tools in place, you'll have the foundation for managing extreme change – in a way that is responsive to future developments, and yet keeps current action firmly focused on what most needs to get done now.

About communication

One of the accepted truisms of "change management" is that you can't communicate too much. That can lead to an avalanche of newsletters, emails, road shows, etc. to "get the message out".

These sorts of mechanisms are most effective at communicating the big picture: why change is needed, the major changes that are going to occur, and broad messages about how employees will be affected. But what employees really want to know is "what does this all mean to me?"

Often, that can't really be answered by anyone other than the employee. To do this, they need the big picture, and then they need to be able to question, discuss, and propose. So, meeting the communication challenge of change requires effective, detailed, two-way communication. A properly planned and executed set of workshops and other small group events can provide a fast way to do this.

In summary

1. The change curve describes a process that some people go through, some of the time, when faced with change. It can have an influence on organisational performance, but only through one of the three main determinants of individual action: "do people want to do what needs to be done?".

2. Most organisations have a way to ensure that employees know what needs to be done, can do it and want to do it. During normal times these work reasonably well. In times of change they break down, become outmoded, or get overloaded. If they aren't rebuilt or modified fast enough there is a drop in organisational performance. But, there isn't enough time or resource to change all of them.

3. However, there are six tools you can put in place quickly, that will keep your employees headed in roughly the right direction – seeing what needs to be done and doing it – even in the midst of dramatic change. And this is the key to maintaining organisational effectiveness and commercial momentum.

A final thought on orientation tools

If you map out the full range of tools for creating orientation in your business, you will probably find that there are more than you thought and that the linkages between them are far less tight than you would like – even if no major change is underway.

There generally are three reasons for this:

1. The tools in most organisations develop over time, and therefore were created in different organisational contexts. Unsurprisingly, they reflect the state of the organisation at that time and therefore often have very different characteristics and so don't fit together well.

2. The tools are usually created by functional experts (Finance, HR, etc.) to meet concerns that they legitimately have. They often don't have the perspective or the authority to ensure that the tools they create link seamlessly with others.

3. Most organisations lack an overall map of the tools that exist and how they are meant to work together. As a result, it's very difficult to see the potential linkages between tools – or how best to make use of any that do exist.

While we don't think businesses should invest large amounts on trying to create a perfect set of orientation tools, many could benefit from having a high level view of all their tools for maintaining orientation – as a start for making them work together more effectively.

Belden Menkus is the founder and Managing Director of MenKus & Associates. For more than 25 years, he has inspired, coached, advised, and trained business leaders.

MenKus & Associates is an innovative consulting firm that provides tailored solutions to difficult business problems. Our mission is to help business leaders reach their goals in highly challenging circumstances where traditional methods are ineffective and new approaches are needed.

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1) *Turning Points – Going Off Road for Survival and Advantage,* presentation to Menkus & Associates breakfast seminar, 15 September 2005

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