Beyond Management to Leadership

MANIPULATING CULTURAL VARIABLES

Managers are trying to make the jump into leadership by creating "visions", articulating "values" and generally exhorting the workforce on to excellence, total quality and customer service. The record of achievement is only so so.

It turns out that the old bugaboo, resistance to change, is alive and well, and too often bogs down even the most enthusiastic would be captain of industry.

The sophisticated leader recognizes that resistance is really a way of coping. Usually it protects a status quo that has served the organization well in the past. In truth, resistance to change is but a manifestation of cultural values and cultural strengths. Stamping out resistance is about like stamping out corporate culture: possible, but maybe fatal.

"The old bugaboo, resistance to change, is alive and well."

Yet it is true that there is more leverage in eroding resistance than there is in increasing the creative tension toward change. Eroding resistance lowers the total amount of energy bound up in the system, releasing it for catering to customers and enhancing quality.


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Inside:

WHAT IS ORGANIZATIONAL CHANGE?

Organizational change is the process of adapting strategy, structure and staff configurations to maintain a mutually nourishing relationship between the company and its environment. It is not a smooth process. Stable internal configurations tend to build up around internal relationships. Ultimately, there will be appropriate adjustment of this inside culture to external change, perhaps in a lurching, quantum fashion, or else competitive failure will bring the enterprise down. Management's challenge is to anticipate the direction of necessary adaptation and to put in motion processes which will make the adjustments appropriate, timely, perhaps even ahead of emerging needs, and with minimal waste of resources and personal casualties.

Organizational change is fundamentally a human phenomenon and operates at both the individual and cultural level within a company. Attention is required equally to both: to improving the adaptability of individuals and work groups, which are also social groups. We might say that contact between the organization and its environment is the essence of the change process. By contact, we mean experience, structured awareness, creative adjustment and growth. Such contact needs to be experienced at both the individual and cultural level.
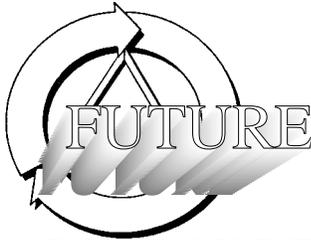
Future issues will feature:

THE PERFORMANCE CORPO-
RATE PERSONALITY
   What to do with the company
that believes in its own image?
Attention is so focused on perform-
ance that there is no room for
failure, only incomplete successes.
That's ok when the going is good,
but watch out for disintegration in
the clutch.

WORKING WITH CORPORATE
CULTURE
   Keys to understanding those
unconscious assumptions which
make up your corporate culture, and
working to make your company
more adaptable.

GESTALT PROTOCOLS FOR
IMPROVED GROUP DYNAMICS
   Ideas about how to harness the
power of Gestalt Practice to im-
prove decision-making, overcome
resistance, and get things com-
pleted.

HOW DOES YOUR CORPORATE
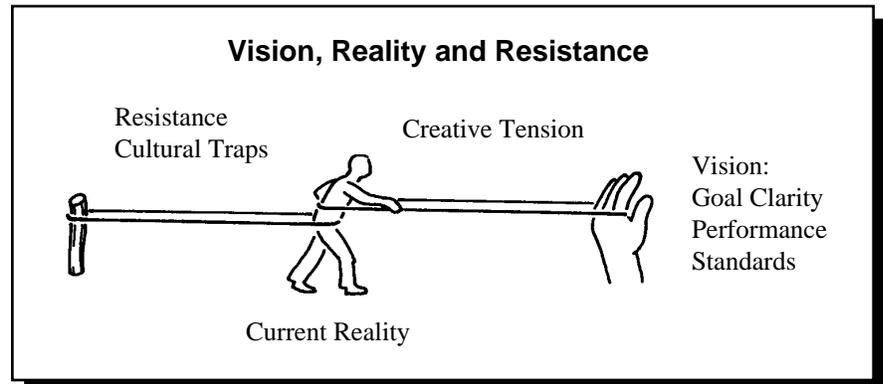PERSONALITY PAY ATTEN-
TION TO INCENTIVES?
   Does your incentive pay plan
take account of what your employ-
ees pay attention to? If you don't
know the answer to that, chances
are the plan doesn't get the results
you expected.

MICHAEL PORTER ON TAPE
   A new training series to put your
people into the competitive strategy
picture.

"Resistance is an artifact of corporate culture and is largely unconscious."

Vision, Reality and Resistance

Resistance
Cultural Traps

Creative Tension

Vision:
Goal Clarity
Performance
Standards

Current Reality

   The important thing to understand is that resistance is an artifact
of corporate culture and is largely unconscious. It protects the way
we do things around here. It reflects things that have been decided,
and have dropped below the level of awareness in the organization.
That is why resistance, and cultural variables generally, are hard to
discern. They don't really show up until managers try to change the
way things are done around here. The cultural assumptions are
hidden until challenged.
   Cultural assumptions reduce uncertainty and anxiety among
people, because they create predictability and comfort in knowing
how to conduct the everyday activities of business. There are two
categories of cultural assumption. The first governs how people and
groups related to one another internally. The second governs how
the organization relates to its outside world. When managers
change things around internally, or alter the way the company
relates to its customers and suppliers, resistance from the culture is
likely to surface, as a direct result of the uncertainty and anxiety that
are stirred up.

"The contemporary leader needs a more sophisti-cated understanding than intuition or traditional business education have provided."

   Real leaders recognize that they are tinkering with culture, that
their essential task is manipulating cultural variables. The contem-
porary leader needs a more sophisticated understanding of these
matters than intuition or traditional business education have pro-
vided.

MIT's Peter Senge, in his *The Fifth Discipline: The Art & Practice of The Learning Organization* (Doubleday, New York, 1990), provides some important tools for leaders in mastering this challenge. Under the category of mental models, Senge describes "archetypes" which enhance understanding of complex systems in organizations. These archetypes are commonly found structures of feedback loops which describe persistent systematic behavior under such suggestive titles as "limits to growth", "shifting the burden", and "eroding goals". The cultural resistance concepts discussed here can be described as a version of the "growth and underinvestment" archetype in the accompanying diagram.

Change, Resistance and Organizational Development
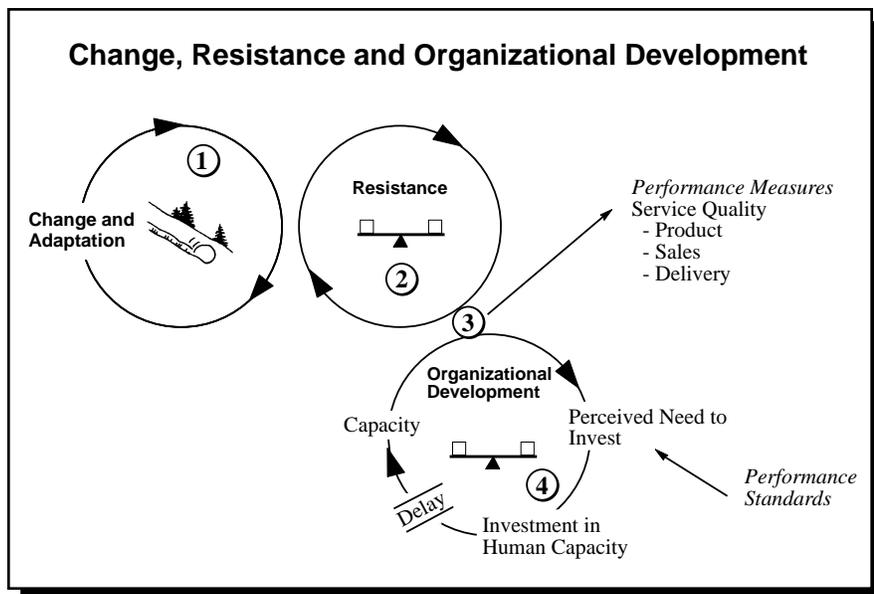
What this means is that leaders' efforts to drive *change and adaptation* (1) give rise to *resistance* (2), and that the fix lies in *organizational development* (4) which, after a delay, erodes the resistance.

This, in itself, is an important insight, because it allows the leader to precisely focus an organizational development effort to achieve maximum impact and leverage. Such focus is new in a field noted for generality and sometimes fuzzy thinking.

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But that is not all, using *ithink*, a systems dynamics modelling software package (see sidebar), an organization can construct a model of the organizational change process and use simulations to

LIMITS TO GROWTH
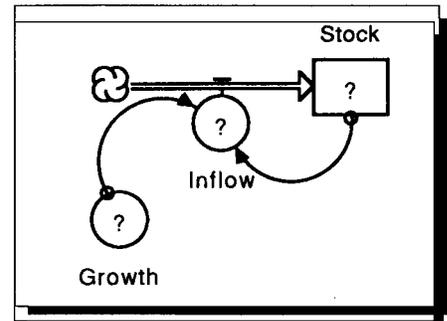
When MIT's Jay Forrester laid out his *Industrial Dynamics* approach to simulating business processes thirty years ago, it required massive computing power and expert assistance in fashioning code in the dynamo compiler.

This esoteric method came into popular attention when the Club of Rome commissioned Forrester in the famous "Limits to Growth" study. Perhaps his most elegant work appeared in the study of Urban Dynamics—an exploration of how cities flourish and decay, and how public policy can be perversely counter intuitive.

Analytically, industrial dynamics focuses on the relationships among things rather than a lot of data to describe them. Instead subjective judgements, especially expert opinion, is used to quantify otherwise fuzzy relationships. The often surprising results stem from feedback loops, the cybernetic hookups which have causes influenced by their effects.

The systems dynamics approach to modelling is an order of magnitude improvement over what you can do with a spread sheet. It allows complex management systems, including subjective things like cultural variables, to be captured and studied, as suggested by the lead story in this issue.

Fortunately, now all of this can be done on a Macintosh computer, thanks to *ithink* software published by High Performance Systems Inc., 45 Lyme Road, Hanover NH.

study strategies aimed at eroding resistance. Such analysis can sharpen the organizational development effort even more. And it can ensure the definition of a consistent set of management policies on recruiting, training and development, de-hiring and right-sizing which support the leader's drive toward a new vision for the company, goal clarity and performance standards.

For the top leaders in today's fast changing managerial environment, the chutzpah, charisma and style is backed up by sophisticated technology which takes the guess work and wheel spinning out of organizational change.

Modelling Organizational Change

1: Mgmt Energy   2: Resistance to Change   3: Pressure for Change
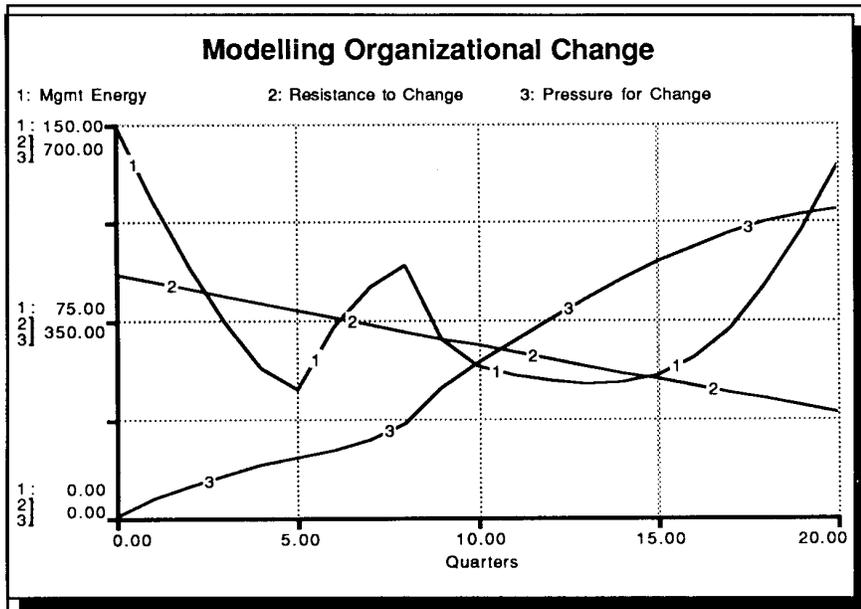
FOWKE LIMITED - MANAGEMENT CONSULTANTS
Suite 605, 130 Carlton-on-the Park
Toronto, Ontario M5A 4K3
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   through training in the human
   side of enterprise

Bonnie Fowke, Managing Director
Two decades consulting experience in organizational development and realignment, and in human resource management for clients in mining, manufacturing, oil and gas, computers, communications, distribution, personal service, health and social service, and government administration. A Principal with Hickling-Johnston Limited and an Associate with William M. Mercer Limited in Toronto and Calgary. University of Saskatchewan and Gestalt Institute of Cleveland. Certified Management Consultant.

Donald Fowke, Managing Director
Three decades experience consulting in strategy and organization to chief executives in a broad range of industries and to leaders in government on policy and administration. Formerly Chairman and CEO of Hickling-Johnston Limited in Toronto and Calgary. Managing Director of William M. Mercer Inc. in New York. A graduate of the University of Saskatchewan and MIT's Sloan School of Management. A Professional Engineer, a Fellow of the Institute of Certified Management Consultants, and a member of the World Presidents' Organization.