The Science of Leadership

CHANGE IS A PROCESS, NOT AN EVENT

by

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EXECUTIVE SUMMARY

The popular press has told us all that unplanned change shouldn't happen in organizations—particularly not in well-run organizations. Even if it does, it isn't supposed to have such a great impact. The average Jane and Joe employee just can't be allowed to go changing things willy nilly, can they? Yes, they can. Not only can Jane and Joe make changes, they do make changes. Unplanned change, driven largely by day-to-day employee improvisations happens in every company. In fact, a large amount of the change that occurs in organizations is improvised. While organizational improvisation sounds scary—even the antithesis of "organization" and "management"—it need not be. In fact, organizational improvisation may be the only sure-fire route to organizational renewal.

Imagine for a moment that you are seated in the stands at a circus observing an acrobat on a high wire as she gracefully executes her moves. She seems perfectly balanced. Now, imagine that you pick up a pair of binoculars to watch the act more closely. Suddenly you notice that rather than being in perfect balance she is constantly adjusting her posture. The balance you observed from a distance is an illusion. Mode 1 researchers report that the same is true of the traditional view of change. It is an illusion. Karl Weick and Robert Quinn of the University of Michigan Business School describe the two vantage points this way.

> ***From a distance…, when observers examine the flow of events that constitute organizing, they see what looks like repetitive action, routine, and inertia dotted with occasional episodes of revolutionary change. But a view from closer in…suggests ongoing adaptation and adjustment. Although these adjustments may be small, they also tend to be frequent and continuous across units, which means they are capable of altering structure and strategy.1***

This doesn't mean that revolutionary change doesn't occur or that leaders like Steven Jobs, Louis Gerstner, and Jack Welch don't have an impact. It simply means that there is a different and more accurate way of looking at how change actually occurs in organizations and that if managers viewed change from a different perspective they might be much more successful in accomplishing change. What might this different perspective look like? We'll get to that in a moment, but we want to start with a story. It is a story about real change in a real company as documented by researchers who weren't there to sell the company anything. They were just trying to understand what happens when real people confront the need to change the way they conduct their working lives. In one respect the story is about the most common form of change, the kind millions of American workers have experienced—organizational change that gurus and consultants guarantee to implement successfully for a hefty price and change that CEOs see as their anointed mission. But, this story is also about another type of change—one that is more subtle, very unplanned and vastly more important.

The Story of Change[2]

Our story begins in the early 1990s at Zeta Corporation[3], which was one of the top companies in the United States at the time. The change took place in the customer support department and was documented by a team of researchers who monitored the developments in the department over a period of two years.

As the name implies, the customer support department was responsible for providing product support to customers. If you had a problem with a product, you called and spoke with a customer support specialist who would try to solve your problem. In the pre-change period, calls were randomly assigned to specialists as they were received. The specialist listened to the problem and tried to find an immediate solution. If that wasn't possible, they further researched the problem in an effort to find a solution.

Specialists with a year or more of experience were generally thought of as more knowledgeable "senior specialists," but there was no formal hierarchy. Everyone, regardless of tenure or experience, took calls and worked individually to resolve problems.

Recordkeeping in the department was largely manual and consisted of scribbled notes about the nature of problems. While specialists were supposed to record their calls and problem resolutions in a database, researchers found only very sketchy information there. Additionally, the information that was recorded wasn't considered to be very accurate.

The poor recordkeeping was troublesome to department managers. They were extremely frustrated with their inability to monitor performance and better manage the department's workload which had been growing over the last few years due to the introduction of new products. They couldn't produce reports or gather statistics on who called and why which meant they couldn't categorize their problem calls. As one manager explained:

> ***We had a system, but…questioned the data…because it was cumbersome to get the data in there. [Also] if a month had gone by, I had no clue what had gone on. So I would have to go and find the***

> ***specialist who had worked on the problem and ask them to either remember what had happened or try and find some piece of paper….***[4]

A New Way of Doing Business

In January 1992, the department managers decided to replace their existing database with new technology. Over the next six months a team of developers, including a department manager and several specialists, developed a new tracking system which was piloted in July 1992 and rolled out to the entire department in early 1993. Specialists attended several training sessions to learn how to use the new system and were instructed on the changes in departmental work practices and procedures that the design team determined were necessary to accommodate the new tracking system.

Throughout 1992, the process of change in Zeta proceeded along a traditional path.

1. Someone in authority—the department managers—identified a need for change.
2. These same people determined what type of change was necessary.
3. The "change leaders" appointed a team of people from inside and outside the organization to implement the change.
4. The change management team designed or acquired new technology and redesigned work practices and procedures to take advantage of the capabilities of the new technology.
5. Employees were trained on the new technology and work methods.
6. And, the whole change effort was rolled out in a series of carefully planned and orchestrated phases over a period of several months with the change management team making regular reports to the organization managers on the success of their efforts.

If all of this sounds familiar it should because it could be a textbook example of how organizational change is supposed to occur. Traditional wisdom about organizational change adheres to certain accepted "truths" that anyone who takes a course on managing organizational change quickly learns. We have all been taught that…

- Change must planned and orchestrated at the top of the organization.
- "Change is something that someone with authority does to someone who does not have authority."[5]
- Organizational change comes in episodes and follows a predictable three-step process—unfreeze, change, refreeze.[6]

1. People resist change and must be "unfrozen" from their current thoughts and behaviors before they will be willing to take on new ones. This "unfreezing" process typically involves a leader or "change agent" who presents new information designed to convince people that their beliefs and behaviors are inadequate given current realities.
2. The change is a period of transition during which people learn new ways of thinking and behaving. This phase involves learning new skills as well as new thoughts, feelings, attitudes and values.
3. Change has to be refrozen to last. The refreezing process in the classic explanation of change is when everything is once again made congruent. The organization undergoes an upheaval and then settles back into a predictable rhythm.

Zeta's managers believed these truths and implemented change the way they had been taught but **nothing went the way they planned**. Researchers continued to monitor changes at Zeta for a full two years. During that time they observed a number of significant changes in the functioning of the department including changes in:

- the nature of the work of customer support specialists,
- the patterns of interaction between customer support specialists themselves,
- the relationship specialists had with their managers and customers,
- how work was distributed in the department,
- how performance was evaluated,
- how people were held accountable for their work,
- how knowledge was shared, how technology was used, and
- how the work of the department was coordinated with other groups within and outside Zeta.

So What?

So what's so important about these findings? The findings are important because they show that most of the changes that occurred were unplanned and that all of the most significant changes were unplanned. Neither the department managers, the people installing the new technology, or the department's employees anticipated the dramatic changes. They occurred not as a result of management direction, but as an outgrowth of the day-to-day experiences of employees and their individual and collective adjustments, accommodations, and improvised responses to the problems and opportunities that they faced. That's not the way it is supposed to be.

We've all been told by the popular press that unplanned change shouldn't happen in organizations—particularly not in well-run organizations. Even if it does, it isn't supposed to have such a great impact. The average Jane and Joe employee just can't be allowed to go changing things willy nilly, can they? Yes they can. Not only can Jane and Joe make changes, they do make changes. The kind of unplanned change, driven largely by day-to-day employee improvisations that happened in Zeta happens in every company. A large amount of the change that occurs in organizations is improvised. While organizational improvisation sounds scary—even the antithesis of "organization" and "management"—researchers say it need not be. In fact, organizational improvisation is the only sure-fire route to organizational renewal.

Granted, this story wouldn't be as interesting if it were just an isolated case, but it isn't. Two Massachusetts hospitals experienced similar results when installing new technology in their radiation departments. Over time daily improvisational acts by radiologists and technicians in the departments led to fundamental changes in their roles, responsibilities, and working relationships.[7] Similar results have been reported in hundreds of research studies. For example:

The daily activities of factory managers of a large plastics containers manufacturer reveals much more complexity, ambiguity and improvisation than planned effort. University of New Mexico professor of accounting Alistair Preston described the scene this way:

> ***Far from the patterned regularity depicted in their organizational chart, the managers, directly involved in the production process, were often engaged in almost frenetic activity as they went about (in their own terms) "trying to find out what the hell was going on" and then "deciding what the hell to do about it." The managers, directly involved in problematic situations, would gather in each other's offices, on the shop floor or in the canteen at lunch to discuss the nature of problems. They would discuss possible courses of action which they might undertake in response to situations and the implications and consequences that such courses of action might have for them. In a very real sense the managers were constructing a definition (or definitions) of the situations by deciding what they meant. On the basis of this definition, should one be arrived at, they would then decide on what action to take.*** [8]

Professor Preston concluded that these interactions and interventions more accurately described the reality of this organization than the "official" organization chart and procedures manuals. "These interactions were the forum in which the managers introduced new or novel courses of behaviour into their daily activities."[9]

A study of project management practices in six retail lending institutions in the United Kingdom found that the project managers regularly embraced improvisation as a means of "getting things done." They improvised even though the financial services sector in Great Britain is highly regulated and risk adverse. Professor Stephen Leybourne from the University of Nottingham Plymouth Business School found that the improvisation took place largely without senior management knowledge. Indeed, the project managers voiced concerns about their organization's inability or unwillingness to recognize the ongoing improvisation. They said valuable lessons that could be shared throughout the organization and employed to address similar future problems were not being learned.[10]

More chaos and improvisation than planned effort dominated the processes employed by Swedish companies in the financial, telecommunications, and transport services industries to bring nine new service offerings to the market. Although the companies tried to plan for and manage the development, these efforts were marked by "improvisation, anarchy, and internal competition." In spite of the chaos, however, the service design teams were "quite effective in bringing out services with good quality meeting the demands of the customers." Only one of the nine service offerings turned out to a true "lemon."[11]

The changes discussed in these studies did not come about through an orchestrated process of unfreezing, change and refreezing. The organizations weren't asleep before the new technology was introduced and they didn't go back to sleep after the technology was installed, training was completed, and the change implementation teams had been disbanded. Zeta, the hospitals and other organizations that were studied were actively involved in changing long before the new technology was introduced. The technology just made more visible the daily experimentation, learning, and improvisation in which employees were already engaged.

Haridoimos Tsoukas, of the University of Strathclyde, Graduate School of Business and Robert Chia of the Univesity of Exeter, School of Business and Economics, use the analogy of a bump in the road to explain why we don't notice much of the change that occurs day-to-day. Our ability to feel a bump in the road depends upon the level of the road and the level of the bump.[12] People are improvising changes all of the time in organizations. We don't notice the improvisations because they aren't very big change bumps. When something like new technology or a new CEO are introduced, suddenly there is a big bump and we notice. We say change has just occurred.

Does that mean that change wasn't going on before the CEO/technology big bump? Not at all. Tsoukas, Chia and many others argue that we misunderstand change because we mis-define it. We shouldn't be talking about change but about changing. Change is a process, not an event.

Organizations are always in a state of evolution as their members interact with each other and with their technology, constantly improvising solutions to day-to-day problems and responses to unexpected opportunities or threats.

Leadership Lesson

The lesson to be drawn from this research is clear. It is not a question of whether improvisation should or should not occur in organizations. It does occur. It is not even a question of whether improvisation is good or bad for the organization. In realty it can be both. The question is what can leaders do to channel the improvisation that naturally occurs in constructive ways, make the organization more adept at constructive improvisation and capture from organizational improvisation the learning that might benefit the organization in the future? Before we can answer this question, though, we must deal with the most basic question, What is organizational improvisation? I will deal with that subject in a later article.

Notes

[1] Karl E. Weick and Robert E. Quinn, "Organizational Change and Development," *Annual Review of Psychology*, 1999, pp. 362.

[2] The Zeta Corporation story is based upon Orlikowski, Wanda J., "Improvising Organizational Transformation Over Time: A Situated Change Perspective," *Information Systems Research*, Vol. 7, No. 1, March 1996, pp. 63-92

[3] Zeta Corporation is not the name of the real company. The Mode 1 researchers use fictitious names to disguise the organization, departments, members, products and technology in order to protect confidential and proprietary information.

[4] Orlikowski, Wanda J., "Improvising Organizational Transformation Over Time: A Situated Change Perspective," *Information Systems Research*, Vol. 7, No. 1, March 1996,71

[5] Karl E. Weick and Robert E. Quinn, "Organizational Change and Development," *Annual Review of Psychology*, 1999, pp. 361-386.

[6] This model of change was first articulated by the famous psychologist Kurt Lewin over half a century ago and has dominated thinking about the process of organizational change since.

[7] Barley, Stephen R., "Technology as an Occasion for Structuring Evidence from Observations of CT Scanners and the Social Order of Radiology Department," *Administrative Science Quarterly*, 1986, 31, 78-108.

[8] Preston, Alistair, "Improvising Order," in I.L. Mangham, *Organization Analysis and Development* (New York: John Wiley, 1981), 83-84

[9] Ibid.

[10] Leybourne, Stephen, "The Project Management of Change within UK Financial Services: What About Improvisation?," A paper presented at PMI Research Conference, Seattle, WA, July 14-17, 2002.

[11] Edbvardsson, Bo, Lars Haglund, and Jan Mattsson, "Analysis, Planning, Improvisation and Control in the Development of New Services," *International Journal of Service Industry Management,* 1195, 6, 2, 24-34.

[12] Haridimos Tsoukas and Robert Chia, "On Organizational Becoming: Rethinking Organizational Change," *Organization Science*, September 2002, p. 571.