

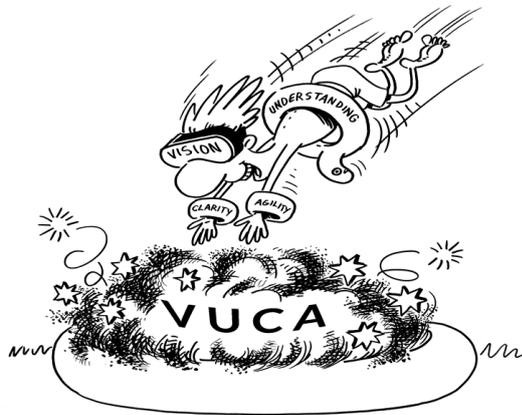
Organisations as complex problems

A perspective on change management
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A USA military college first coined the phrase VUCA in 1987 to describe and reflect on the volatility, uncertainty, complexity and ambiguity of general conditions and situations.



It sparked a broader discussion in leadership education circles. Since 2002 it has taken root in strategic leadership ideas and programs globally, with much debate and focus on how to thrive in a VUCA world.

Today's context	Leaders need
Volatile	Vision
Uncertain	Understanding
Complex	Clarity
Ambiguous	Agility

From an organisational perspective, the impact of these ever-changing conditions is clear, with a staggering 52% of the Fortune 500 companies listed in the Year 2000 no longer in existence.

Past success does not predict future relevance.

It's not breaking news that organisations are complex. Regardless of an organisation's age or stage, whether a local business or multinational beast, in

government, private or not for profit, it consists of many connected parts. For example, considering funding, people, systems, regulations, expectations of the customers, locations, cultures it has etc. all operating simultaneously and uniquely interconnected.

It is a unique ecosystem, where no two people have the same brain. Every employee's brain, every customer's brain is wired differently. There is no formula or algorithm that can outwit uniqueness, yet.

However, organisations continue to risk becoming more disconnected to the broader changing context. Despite the billions of dollars being poured into transformation programs, they continue to fall victim to VUCA conditions and disruption. Too much leadership attention and talent are absorbed planning and driving through, often multiple, linear workstreams and initiatives. Not enough time and resource is focused on the bigger picture.

The inevitable result sends shockwaves across the globe when giants like Thomas Cook crash down with 21,000 jobs lost – seemingly just like that. Closer to home, in Australia, the demise of the car manufacturing industry within 12 months, and 50,000 jobs gone.

They need to be scanning the broader context, searching for patterns and signs that could reduce vulnerability, and might even lead to a different, better outcome.

It's a **complex problem** that requires a very different response to supporting organisational change. One that engages with the problem, rather than seeking for a way to fix, or contain it. It requires non-linear, systems thinking over linear thinking.

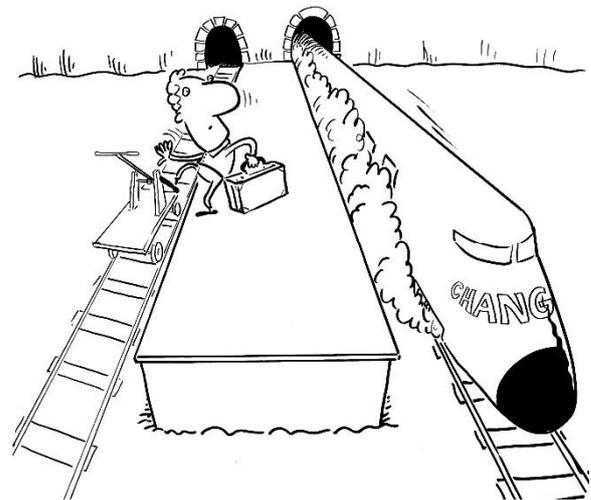
Let's look at some examples to illustrate the non-linear nature of organisational change, and how linear thinking can consume resources in a single direction that inadvertently limits our ability to see other perspectives, which ultimately increases levels of organisational and workforce vulnerability:

- **The race to the bottom:** Two media giants battling over TV ratings, when the numbers of people watching mainstream TV is in rapid decline – How much resource is focused on maintaining and winning ratings versus understanding why customers and employees are leaving the business? Maybe they see something that leadership doesn't.
- **Digital Transformation:** IT leaders driving through digital solutions, when the organisation does not have the new capabilities needed to deliver the benefits – How much resource is dedicated to building future workforce capability or even checking that customer relevance is improving as a result of digital projects?
- **Half the truth:** Management spreading good news of 90% employee satisfaction when only 40% of your employees responded to the survey (and most of respondents came from the marketing dept!) – How much resource is focused on turning the good news into better news versus engaging with understanding the reasons for lack of response? Maybe the golden nuggets of what needs to change is in those whom didn't respond?

This reality presents a fundamentally different kind of challenge to the organisational design process, one that

makes the solution secondary and problem understanding central. It requires both business leaders and HR professionals alike to 'lean-in' to complexity, rather than expend effort in mechanisms trying to fight, contain or control it. It requires the speed and agility to pivot when needed.

So, how do you 'lean-in' to complexity, with the speed and agility necessary to pivot in a changing context?



Here are three suggested ways to help get you there.

1. Increase perspective and understanding

Firstly, we need to accept the premise that organisations are complex problems.

Accepting '**it is, what it is**'. The embodiment of this simple truth is the antidote to our most common human challenge – resistance. Philosophically there is nothing that can be done to be certain about what will be, and acceptance

of that fact frees up a lot of our attention and brain power. It is an essential ingredient in preventing the 'complex' from becoming complicated or overwhelming.

In practical terms, it redirects our organisational change efforts towards engagement with the entire ecosystem, spending more time with complexity. This contrasts with the way change is currently managed in many organisations, where energy is directed towards carving out projects by individual leaders working to simplify for easier management and control. The cumulative impact of individually trying to overcome complexity results in a confusing, complicated portfolio of discreet initiatives, and sub-structures, all jostling for attention and priority.

This is where miscommunication starts, stories and half-truths occur, and trust is eroded across the organisation. This, in turn, gives rise to new problems to solve from unintended consequences, incurring more cost and increasing the levels of frustration, fear, and risk of failure.

There is another way.

Albert Einstein reportedly said, *"If I had an hour to solve a problem, I'd spend 55 minutes thinking about the problem and five minutes thinking about solutions."* He believed the quality of the solution you generate is in direct proportion to your ability to identify the problem you hope to solve.

Complexity isn't simple – its clarity that's required.

2. Hone complex problem solving capabilities

Leaders need to lift the lid on their challenges. Develop the complex problem solving capabilities of employees, so they can see the big picture, zoom in on minute details, and move things around that make a difference.

Taking in as many perspectives on organisational challenges as possible, not programmatically fixing the 'leaky tap'. Optimize effort towards the problem, in other words, slow down to speed up. It requires a reframing, a mindset shift, around how transformation and change happens inside organisations, one that is continuously present, an organisational habit - with the right capabilities in place to support it.

Spend more time on understanding, less on reacting. This may sound like a risky strategy in a VUCA world. As The World Economic Forum puts it, we're on the cusp of the Fourth Industrial Revolution, one marked by lightning-speed advancements and mind-boggling change as it brings together advances in digital, physical and biological technologies.

It is a higher risk to assume the same level of predictability we have had in the past, an era that favoured a linear, cookie-cutter approach to change management. That time has gone. Organisations today are having to solve problems we've never seen before and being asked to solve them in a landscape that's changing at breakneck speed and getting more complex by the minute.

3. Select small changes with max impact

When the 'complex gets complicated', many well-intentioned change efforts end up being managed like screws being hammered into wood. No longer fit-for-purpose, resource intensive and unsustainable. Yet, allowed to continue, just getting the job done regardless of their irrelevance. This makes it hard to pivot if conditions change (which they will).

Have a clear organisational purpose and direction, permeating all levels, in all teams, initiatives and decisions creating a strong platform for responsiveness. Without it, agility and flexibility are restricted, and resources wasted.

Start on a few things that will make a big difference and iterate to improve. Sometimes the smallest of changes have the biggest impact. A well-constructed, large-scale digital transformation program does not predicate future success.

Being able to pivot is key to success, whatever size your organisation. Making commitment to pivot an entire organisation is to truly transform it. It takes courage to change purpose or direction in order to evolve with complexity, rather than becoming subject to it.

Netflix is a case in point, back in 2013, CEO Reed Hastings released a memo to employees and investors detailing a commitment to move from just distributing content digitally to become a leading producer of original content that could win Emmys and Oscars.

As the memo said, *"We don't and can't compete on breadth with Comcast, Sky, Amazon, Apple, Microsoft, Sony, or Google. For us to be hugely successful we*

have to be a focused passion brand. Starbucks, not 7-Eleven. Southwest, not United. HBO, not Dish."

Since unveiling that new purpose, Netflix revenue roughly tripled, its profits multiplied 32-fold, and its stock increased 57% annually.

So, in summary to support organisations to change and thrive in a VUCA world, means trying an alternative perspective to managing change. An approach that spends time taking in a broader context, that gives focus to:

- Lean in and spend time understanding all perspectives.
- Accept the 'complex' and let go of the control.
- Make small changes for maximum impact, stop the overwhelm.

The Change Executive's purpose is to help as many organisations and leaders as possible to overcome their challenges with change. We want thriving workplaces, we help teams to gain acceptance to change, and cut through complexity with clarity of purpose and direction.

To continue the conversation, contact us hello@changeexec.com, or visit our website for more information. www.changeexec.com.