

How Much Change is Too Much?

By William J. May

The winners of tomorrow will deal proactively with chaos, will look at the chaos per se as the source of market advantage, not as a problem to be got around. -Tom Peters

The most important element in successful business management is learning to manage change: change coming from technology, new business ideas, and the vagaries of the economy. Change in the best companies comes as “continuous process improvement” against measured benchmarks. Technology-driven companies must keep a step ahead of rivals, trends, and adopt proactive strategies to survive. Consider adopting some techniques for planning change to get the best alternative future for your company.

The best managers welcome external change as the opportunity to re-examine their operating practices. Small companies are often at the cutting edge of technology because their flat, nonhierarchical management structures are conducive to risk and experimental change.

How can a manager determine their “change IQ?” Ask yourself the following questions. In the past year, did I react positively to demands for change from subordinates and superiors? Do I contribute to internal change? Do I anticipate external change in a proactive way?

CAUSES AND SOURCES OF CHANGE. Managers need to be open to change, regardless of the source; such as subordinates modifying a contract, department managers changing procedures affecting other departments, or higher level managers working on acquisitions or organizational restructuring. As Sir James Dewar said, “minds are like parachutes, they only function when they are open.”

The proactive change manager uses new information technology, remains open to today’s developments that are tomorrow’s technical essentials. They do not get upset when established market or buying patterns are fractured by sudden changes, they have a contingency plan and liquidity to handle technical and economic uncertainty. At the individual level, the manager is aware of changing trends, markets, and consumer demand. Be informed, curious, and predict based on solid knowledge instead of trying to read tea leaves.

TYPES OF CHANGE—REACTIVE VS. PROACTIVE. Sometimes change comes like a tsunami to management, triggering strong, radical, reactive actions to save the company. A strategic plan is reversed as the company enters new markets. The best managers, however, will make the direction of change on a proactive basis to ensure long-term success. Today’s emphasis on small, incremental, but constant improvements in a company’s progress will improve productivity, operating processes, and reduce costs.

CHANGE VS. GROWTH. Porter asks managers to anticipate change, and to even accelerate change to enhance competitive prowess, and to differentiate everything possible in management. In essence, changes that provide companies with competitive advantages are desirable, and change should benefit the company’s customers.

Deming showed that change should be proactive and systematic, and simultaneously benefit customers, employees, management, systems, and processes. All change, he said, must be accompanied by a change in thinking.

The best management today has elevated change into adaptive thinking where its habits, imbued in everyone, create the “learning organization.” Success in this area will always be incomplete if the “learning” habit has not penetrated down to all levels of employees.

With growth usually comes competitive advantages such as economies of scale, cost reduction, and control over resources and suppliers through vertical integration. However, growth is successful only when competitive prowess is bolstered by differential advantages to the competition.

Growth needs planning, and transformations in management are necessary when the business expands beyond the owner’s ability. Employees must learn new skills to enhance their productivity and performance. Some companies fail to set benchmarks or measure progress toward goals, or rely on merely surpassing the competition. The best companies do not have to look over their shoulder to see who is catching up: they have set their own course outside the sight of land, out beyond the Pillars of Hercules, with its outcomes of high risk and profits.

PLAN FOR CHANGE. Remember Alice in Wonderland and the Cheshire cat, who told Alice, if you do not know where you are going, any road would take you there? All successful change programs involve a plan, either an operational plan or a strategic long-range plan. If managers do not know where they are going, they cannot change in order to get there.

Measure your current position as benchmarks that are certain and objective. Determine and communicate your goals. Then work back from the future to the present. All activity between now and the future should move toward predetermined goals, or as Covey commands us—do all the work with the end in mind. Measure the gap between the present and the future, and have a game plan to close the gap with words and figures.

Prioritize change so your employees are not overwhelmed by it. Show change as it relates to reaching objectives, in order of impact, and explain the how and why of the impact. It must be “bottom-up” and involve everyone in the company to be successful. A comprehensive, integrated change program will promote continuous process improvement in the learning company, today’s highest level of business nirvana.

Originally published in The Strategic Edge, Spring 2001 issue, published by American Business Advisors, Inc., Englewood, Colorado. © 2001, American Business Advisors, Inc. – All Rights Reserved.