**Morphing by design**

Classic theories of organisational change are proving unreliable in today’s fast-moving business environment. Fresh models are emerging that require businesses to embrace a more responsive, flexible approach to enable them to evolve continuously as needed. By Heather Stebbings and Ashley Braganza

With the turbulence of the past few years expected to continue, organisations do not have the option of simply carrying on as before. One school of thought stresses the need for radical change, while another argues that smaller, incremental changes are preferable. Both share one overarching assumption: that once the changes are implemented, organisations will be able to revive their sense of stability. However, this assumption is past its sell-by date.

**Theories of change**

The ‘theories of change’ have been developed by many leading scholars in the field. The planned model of change assumes that change can be planned with a start and end date, and that once the changes are implemented organisations can return to a period of stability. The rate at which external factors such as globalisation and competitor activities unfold has shown this assumption to be unreliable.

**Emergent** models assume that incremental changes made locally in different parts of an organisation will add up to a coherent overall change. This assumption too is flawed, as many organisations have discovered over the past three decades when individual operational units purchased IT systems to meet their own needs, only to discover that they were unable to communicate easily across units.

**Contingent** models of change assume that methods organisations use to implement changes are based on the specific circumstances they face. This assumption holds good if organisations face a small number of unrelated circumstances. However, where there are numerous different and unconnected circumstances, contingent approaches are weak.

**Improvational** change assumes that people will react to and interact with each other in a continuous flow of actions, behaviours and communications. Improvational change assumptions are based on analogies of jazz bands and team sports. Yet in global organisations where people are can be strangers to one another, attempting to coordinate change across large numbers of people and a number locations can be problematic.

The underlying expectation with these approaches to change is that change itself is an event that starts and stops and any organisational modification remains static.

As practitioners, we recognise the ever-changing nature of the business world, yet the way we think about changing organisations in these circumstances has remained rooted in flawed historical assumptions. ‘Organising the organisation’ is a skill we need to harness if we are to execute our intentions through strategy. This presents a paradox of uncertainties, constraints and intent - not one that needs resolving but one that needs juggling and balancing, perhaps every day.

**Transient models**

All this forces us to reconsider approaches to change. Organisations need to develop and adopt forms that are transient. Transient organisational models have highly developed intrinsic capabilities to respond to internal and external events and are able to generate innovative structures that adopt, adapt, and develop. Increasingly, the trans-disciplinary school of complexity theory has sought to challenge historical assumptions and help us take the blinkers off so we can understand an alternative view of changing the way we change. Drawing on aspects of this theory, we suggest that transient organisational models have six characteristics: connectivity and interdependence, co-evolution and concurrency, explorative capacity, feed-forward and self-organisation.

Connectivity and interdependence refer to the relationships within the organisation. The primary sets of relationships are: those between people; between people and systems; between different systems; between people and processes; and between processes. It is particularly important to be aware of constraints and uncertainties in the connections.

Co-evolution and concurrency refer to the extent to which each of the resources, people and function were out of kilter with business operating environment and the need to effect circumstance-specific adaptation. Increasingly complex change requires greater consideration to maintain alignment of all systems, processes, human capital.

Explorative capacity refers to an organisation’s ability to pursue multiple options as part of a wider corporate strategy. In practice, this often translates as undertaking a portfolio of concurrent projects. Some organisations, for example, 3M and Rolls Royce, have demonstrated that it is possible to deploy resources so that new business opportunities can be exploited for growth.

Feed-forward refers to the ways in which organisations frame their expectations and strategic intent. A well-known example of this is Jack Welch’s statement that GE would shed any line of business in which it could not be number one in the world.

**Figure 1: Summary of existing change models**

<table>
<thead>
<tr>
<th>Change model</th>
<th>Came about because</th>
<th>Limitations?</th>
<th>Consequences?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planned</strong></td>
<td>Recognition structure and function were out of kilter with business operating environment</td>
<td>By the time planned change has been implemented, the risk is that the world has moved on again.</td>
<td>Cyclical upheaval with staccato stability periods</td>
</tr>
<tr>
<td><strong>Emergent</strong></td>
<td>Recognition of discontinuous business operating environment enabling adjustments during change itself to be made</td>
<td>Criticised for being reactionary en route</td>
<td>Organisation becomes a prisoner of circumstances where ad-hoc, potentially uncoordinated knee-jerk reactions occur</td>
</tr>
<tr>
<td><strong>Contingent</strong></td>
<td>Recognition of discontinuous business operating environment and the need to effect circumstance-specific adaptation</td>
<td>Situation-specific models become hard to repeat or translate into consistent practice</td>
<td>Open-ended adaptation with uncontrolled scope creep</td>
</tr>
<tr>
<td><strong>Improvational</strong></td>
<td>Some circumstances only emerge when you implement change it is not necessarily predictable activities</td>
<td>Increasingly complex change requires greater consideration to maintain alignment of all systems, processes, human capital</td>
<td>Can bring about opportunistic change; requires continuous adjustment of all resource structures to ensure continual alignment</td>
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These transient business models can generate structures that flex and mutate to evolve. We refer to this as morphing.

At a macro level, we are used to seeing inter-organisation transformation through activities like acquisition and merger. Narrowing our focus, we are also familiar with intra-organisational activities, such as value chain efficiency, functional restructuring, and modifications of the product and service mix. Narrower still are the individual business processes – a nano-level of inspection, where specific resource networks are reconfigured.

When we consider changing the way we organise the organisation, what we are doing is tinkering with its eco-system, be at macro or nano level. Like all eco-systems however, it’s the delicate balance that matters – the balance between uncertainties, constraints and intent. Executing strategy with this balancing act is not impossible. Yet execution rests on co-ordinated arrangements of actors – the social, the personal, the technological – who perform interdependent functions to generate outcomes.

If we compare and contrast the types of organisational structure against which change occurs, we start to understand why we struggle so much with the continuous nature of change. Classical schools of thought tell us one thing; contemporary schools, alert to complexity, tell us the opposite.

Flex in flux

So how do we design the contemporary organisation? How do we accommodate ‘flex’ in conditions of ‘flux’? We can exploit our feed-forward expectation measures to know when current configurations of resources no longer deliver the outcomes we desire. Thus we have a way to surf the sigmoid curve when yields from one structural pattern no longer deliver to expectation. Arguably, delay in detecting (or understanding) such trigger points leads to stagnation. By knowingly exploiting the curve, we can take into account uncertainty more readily, exploit opportunism, resource availability and enact strategy more responsively.

The principles that underpin flex in flux are: speed; integration; flexibility of constraint; innovation; and control. They lead to a class of organisation design capable of continuous change, or morphing. These new organisations are event driven, information driven, and decision driven. Their forms and functions exist for as long as reality warrants, then they mutate. Their speed of response to reconfigure, reform or generate new forms stems from recognising that responsiveness lag is lead time to advantage. There is no end point.

Changing the way we think about change can help us build enduring organisations. Design models are just that: frameworks to help us understand operating principles that inform organising the organisation. The challenge is to keep the show on the road while simultaneously recognising and embracing continuous change.

To do that, we need to go back to understanding the simple building blocks that support flex in resource patterns. You do not solve a problem with a design, you address a root cause with it. It is especially important to recognise the trigger points to leap the sigmoid curve when designs are no longer working. The more you morph, the more you can morph and the quicker you will get the advantages. Do not be afraid if it does not work straight away – experimentation may be the quickest route to securing advantage. Be prepared to accept the yield: time. It is not wasted time if you learn something.

Key messages

For managers faced with change on the ground, there are a number of key messages to consider:

- Take a look into the nuts and bolts of the organisation, starting with inter-dependency mapping in critical business processes.
- Take a look at the cross-functional processes and you will find a web of dense connections to certain resources, be they social capital or technology based.

### Figure 2: Classical and contemporary organisation structures

<table>
<thead>
<tr>
<th>Classical organisations</th>
<th>Contemporary organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linear</td>
<td>Non-linear</td>
</tr>
<tr>
<td>Hierarchical</td>
<td>Non-hierarchical</td>
</tr>
<tr>
<td>Reductivist</td>
<td>Holistic</td>
</tr>
<tr>
<td>Controlling</td>
<td>Self-organising</td>
</tr>
<tr>
<td>Inflexible</td>
<td>Flexible</td>
</tr>
<tr>
<td>Uniform</td>
<td>Diverse</td>
</tr>
<tr>
<td>Centralised</td>
<td>Networked</td>
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**Map the inter-dependencies to challenge your pinch points.**

- Beware ‘embedding’: as soon as there is a consistency to process, structures begin to ossify. That is great if you need a consistent product output but damaging if you need to ensure flexible structures.
- Dependency driven patterns of resources, no matter what those resources are, tend to experience more difficulty in flexing to adapt to new ways of operating. The implication is that it does not matter whether you ‘redesign’ or ‘re-engineer’ a process. All that you will do is reinforce dependencies no matter what order you put things in, or how quickly you can operate a process.
- The web of connections means that change within a process creates a ripple effect. What we have found is that by mapping the connections, and mapping the inter-dependencies and constraints, we are able to find the information we need to free up resources and relationships.

**Understand, envisage and qualify as much as possible the environmental uncertainties of business and the internal pressures.**

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**About the Authors**

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