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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 underpinning 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.

Improvisational change assumes that people will react to and interact with each other in a continuous flow of actions, behaviours and communications. Improvisational 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 concurrence, 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 concurrence refer to the extent to which each of the resources can be changed at different times and rates. It is often quicker and more expedient to restructure the organisation and, as a consequence, move people around than it is to implement a new IT system or a major change in behaviours.

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

Figure 1: Summary of existing change models

Change model	Came about because	Limitations?	Consequences?
Planned	Recognition structure and function were out of kilter with business operating environment	By the time planned change has been implemented, the risk is that the world has moved on again. Deals less well with unstable, unpredictable situations	Cyclical upheaval patterns with staccato stability periods
Emergent	Recognition of discontinuous business operating environment enabling adjustments during change itself to be made	Criticised for being reactionary en route	Organisation becomes a prisoner of circumstance where ad-hoc, potentially uncoordinated knee jerk reactions occur
Contingent	Recognition of discontinuous business operating environment and the need to effect circumstance-specific adaptation	Situation-specific models become hard to repeat or translate into consistent practice	Open-ended adaptation with uncontrolled scope creep
Improvisational	Some circumstances only emerge when you implement change ie not necessarily predictable activities	Increasingly complex change requires greater consideration to maintain alignment of all systems, processes, human capital	Can bring about opportunistic change; requires continuous adjustment of all resource structures to ensure continual alignment

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"These transient business models can generate structures that flex and mutate to evolve. We refer to this as morphing."

not be number one or two. Yet making major announcements can be quite simple – what matters is the follow through. While feedback mechanisms are important and already receive a significant amount of attention in scholarly and practitioner publications, we argue that it is equally important to have clearly expressed and measurable feed-forward criteria.

Self-organisation is about an organisation's capacity to facilitate coalitions and communities to form for long enough to deal with specific challenges. These groups can be formal, such as project and programme teams, or informal, such as communities of purpose.

Morphing

Some organisations are clearly starting to grapple with these concepts. We are beginning to see transient business models with highly developed responsiveness to circumstance and the ability to generate innovative structures that flex and mutate to evolve. Some even go so far as to spin out capabilities as new organisations. By bringing the concept of transient models together with approaches to change, we find change is built into the very essence of these organisations; indeed they are formed on the assumption that they will change continuously. We refer to this as morphing to distinguish it from traditional forms of change. In other words, resources in transient organisations are created, acquired and developed on the understanding that they will not be permanent.

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 processual, 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 opportunist 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.
- 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. ■

Figure 2: Classical and contemporary organisation structures

Classical organisations	Contemporary organisations
Linear	Non-linear
Hierarchical	Non-hierarchical
Reductionist	Holistic
Controlling	Self-organising
Inflexible	Flexible
Uniform	Diverse
Centralised	Networked

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