THE ROYAL BANK LETTER

Published by The Royal Bank of Canada

VOL. 69, NO. 1
JAN / FEB 1988

Changes in Management

In the dynamic business world of today, the only sure thing is that change will be constant and rapid. To capitalize on the future, organizations must become adaptable from the bottom to the top . . .

□ Someone once described modern management as a "Chinese baseball game." In this mythical sport, both the ball and the bases are in motion. As soon as the ball is hit, the defending players can pick up the base bags and move them to anywhere in fair territory. The offensive players never know in advance where they must run to be safe.

The metaphor refers to the terrific pace of change in business today — not only in the way things are done and organized within a company, but in the markets and socio-political environment in which it operates. When the reference points for doing business — the bases — are likely to move at any time, no manager can take the results of his or her actions for granted. This applies to anyone who might be called a manager, from the chief executive officer of a multinational corporation, through the marketing director of a regional firm, to the owner of a corner store.

The unpredictability which haunts business decision-making is not, of course, a new phenomenon. For years now, management experts have been drumming out the message that the only thing modern organizations can look forward to with absolute assurance is rapid and continual change. Managers have been told again and again that they "have no choice but to anticipate the future, to attempt to mold it, and to balance short-range and long-range goals," as Peter Drucker put it. On the face of it, this lesson has been well-received.

For instance, just about everybody in business in the western world has recognized the power of the micro-computer to revolutionize administration and production. Managers have rushed to re-equip their units with the latest electronic equipment lest they be handicapped in the competitive race. Unfortunately, many have let it go at that, on the misguided premise that to keep up with technological change is to keep up with change in general.

In fact, the most technologically advanced company can have all its reference points moved out from under it. Computerization brings no guarantee that a company in a completely different industry will not come up with a cheaper or better substitute for its product; or that developments in taxation, tariffs, regulation or the availability of financing will not shift first base into left field.

At the same time, no one in management these days wants to be thought of as being out of touch with change; one has got to be "with it." Managers will always tell you that they are highly conscious of trends in their industry and the marketplace. They know that they live in dynamic times, and they feel that they are coping with change very well.

All too commonly, however, that is the most they are doing — just coping. Change creates problems, and managers are problem-solvers born and bred. They are ever ready to put out the fires which change ignites.

What they are not ready to do is anticipate and mold change, as Drucker suggests. They are letting it happen to them, then reacting to it. By so doing they are perpetuating the *status quo*, thus limiting their organization's ability to make the internal changes necessary to deal with unexpected developments down the line.

Though problem-solving is an unavoidable part of the job, it is not really a manager's main mission.

Managers are not supposed to solve problems so much as avert them by identifying them in advance and making sure that they never arise. The classic definition of a manager's role is "to plan, organize, direct, control and co-ordinate," all of which imply forward thinking. That is the theory, anyway: What managers do in real life is another thing.

In his landmark study of how bosses spend their time published in 1975, Henry Mintzberg reported that the picture of a manager coolly sitting back formulating plans and putting them into effect is largely "folklore." Most of the executives whose routines he monitored had what, if it occurred in children, would be called "a short attention span." Whether by inclination or necessity, they acted like Stephen Leacock's knight, riding off in all directions. They "seemed to jump from issue to issue, responding to the needs of the moment," Mintzberg wrote.

Planning does not necessarily mean a company has a strategy

It is almost axiomatic that managers who concentrate all their efforts on the here-and-now are in for some nasty surprises. They have their backs turned to the future, and the future is quite likely to creep up and kick them in the pants.

"If a man take no thought of what is distant, he will find sorrow near at hand" is one thing Confucius really did say. And sure enough, management in North America and much of Western Europe has suffered an ignominious blow over the past two or three decades from the Japanese, whose culture has endowed them with a long view of time.

Still, the Mintzberg-type managers are likely to protest that they are not as shallow and short-sighted as he has made them out to be; that he misunderstood and underestimated them. Sure, they spend a lot of time dealing with immediate problems — does he expect them to let the house burn down? But they are also in touch with emerging developments. They read their economic and market forecasts. It's not true that they pay no attention to long-range strategy. They can show you their strategic plans.

The flaw in this is that it is perfectly possible to have strategic plans and yet not have a strategy. In the original military meaning of the word, to practise strategy is to impose on the enemy conditions of battle of your own choosing. This means deploying your resources in such a way as to make things happen to your advantage, which you obviously cannot do if all your forces are tied up merely holding the line.

According to the American management authority Milton C. Laurenstein, many large (and presumably many more smaller) companies are firmly bogged down in the present, even though they are under the delusion that they are thinking ahead. They "grope for sound strategic policies," but they are "seduced by whatever looks attractive at the moment . . . They emulate other companies that seem to be doing well. And they hew to the conventional wisdom."

The conventional wisdom in this context decrees that business tactics that have worked in the past will be equally effective in the future. In a broader sense, the conventional wisdom is what "everybody knows." Thirty years ago, everybody in Hollywood knew that people had to go out to a theatre to see a new big-budget movie. Everybody in the ladies' undergarment industry knew that women had to wear garter-belts to hold up their stockings; leotards, later called pantyhose, were for ballet dancers and little girls. Everybody in the footwear industry knew that middle-aged people didn't go around in running shoes. These were — or seemed to be — demonstrable facts at the time.

Flexibility is the only defence against unforeseen developments

One way corporate leaders get caught off base in the Chinese baseball game is by relying too heavily on projections. As the word suggests, a projection is an extension of what is happening at the moment into what is likely to occur some time hence. It is an imprecise tool, but it is all economic and marketing forecasters have to work with, short of indulging in out-and-out crystal ball gazing.

And it's impossible to think of everything: who in the 1950s, for example, would have thought that an ingredient in aerosol sprays might endanger the global ecosystem? Who could have guessed that traditional activities like whaling and logging — to say nothing of seal-hunting off Canada's coasts — would be hit as hard as they have been by the protest tactics of environmental vigilantes?

The primary defence a businessperson has against such vagaries is organizational flexibility. Indian economist Purnendu Chatterjee has perceptively placed this in the category of risk management; it takes time and money to hold yourself ready for changes that might never occur. Chatterjee says that companies nowadays must be prepared to make "midcourse corrections" not only to evade the threats posed by change, but to capitalize on the opportunities.

Participation is the key to making internal changes

Putting a company in a position to respond swiftly to future developments means revising the orthodox managerial mind-set. "Proactive" managers must learn to see situations in terms of patterns and correlations instead of cause-and-effect reciprocations. They must look for inclinations and probabilities rather than certainties.

Management consultants say that one method of conditioning yourself psychologically to play the Chinese baseball game is to keep asking, "What business are we in?" Does your definition of your business fit all the present circumstances? Will you be in precisely the same business next year, or the year after that?

By keeping these questions in mind, a sufficiently flexible management can make some timely transitions. For instance, an entrepreneur who got in on the ground floor of the video rental business a few years ago could see that the field was becoming overcrowded for the size of the market he was in. But with more and more video cassette recorders coming into use, there was a need for somebody to repair them. So he de-emphasized his rental business and began moving into the repair business instead.

That may be all very well for a relatively new and small operation, but how does one achieve flexibility in a larger and more established one? Organizations are susceptible to hardening of the arteries. They are made up of people, and people become set in their ways.

Employees tend to cling to fixed rules and fixed methods, and over the years they develop vested interests. The changes needed within the organization to meet external change threaten their security and self-esteem, especially if they are asked to learn new tasks which they are not sure they can do. In this stressful state, their chief object becomes to preserve the *status quo*.

"The very essence of all power to influence lies in getting the other person to participate," Henry Overstreet wrote. Employees cannot be led to participate in a strategy for change if they feel alienated or if they are in a state of suspense as to what is really going on. Management psychologist Harry Levinson has observed that when people are deprived of information in an organization caught up in the throes of change, rumours spread which echo their feelings of loss, fear and anger. These can easily be amplified into bitterness and paranoia if managers do not identify with their units and let them know that they are all in it together: "A good manager knows that people must feel their ties to each other in times of change."

Among the chief failings of management at this or any other time is an inability or disinclination to communicate with those below them in the structure. "Without a free, full flow of information and ideas up and down the organization there cannot be co-operation and understanding," as the University of Wisconsin's Scott Cutlip wrote. Note that he phrased it "information and *ideas*." In seeking the co-operation and understanding needed to make internal changes work, employees at all levels should not only be informed of, but be made active participants in, the planning process.

The front-line troops know when changes are in the air

In small organizations, such participation may entail including virtually the entire staff on the planning team. In larger ones, representatives of the rank and file should be closely consulted to ensure that the senior people who make the decisions are aware of the implications of those decisions from the ground up. Management experts caution that planning for change should start "from where actually we are,"rather than from some wishful self-image. Obviously, management will best be able to re-position an organization to deal with change if it has full access to the unadorned facts and a grasp of all the relevant details. These can only come from those most intimately concerned with the various aspects of the organization's operations.

Similarly, when external changes are in the air, the lower-level people are often the first to know about them. The sales person on the road, the clerk behind the counter, the foreman on the floor — they are the ones who talk to customers, suppliers, labour representatives and others in the industry. They hear about new competitive products and services and about how corporate policies are perceived by the staff and the public. If they are well-motivated, they can serve as an early-warning system to eliminate surprises and a source of suggestions on how to head off potential problems. If they are not well-motivated, they are only too happy to let the big bosses sink or swim by themselves.

Victories in the marketplace will go to the adaptable team

They are commonly referred to as "front-line troops," who can tell what is going on in the enemy camp while the generals have only maps to go by. The writings on the management of change are full of such military analogies. This is understandable, because there are so many similarities between military and business matters. The classic strategic theorist Karl Von Clausewitz pointed out that both business and war concern themselves with "a conflict of human interests and activities." Both are subject to chance, and in both, much is hidden from the players. Leo Tolstoy might have been writing about management when, in *War and Peace*, he remarked that military staffs making battle plans were dealing with an undertaking in which "the conditions and circumstances are uncertain and can never be known."

In Tolstoy's day, generals manoeuvred their armies in enormous blocks, seeking to gain the positional advantage on open battlefields. Firing was done in mass volleys of hundreds of muskets at a time. The men in the ranks usually had no idea of what the objectives were. Junior leaders were not expected to do much more than hold the troops steady when they were on the defensive, or urge them forward in charges. They and their men were little more than pawns in the high command's grand design.

As weaponry and tactics developed over the years, armies were split up into smaller and smaller units. In World War II, grand strategies like the Allied invasion of North West Europe were essentially carried forward through a succession of closely-contested engagements between parties as small as platoons. The leadership qualities of the junior and non-commissioned officers became much more important than they had been when warfare was less fragmented, specialized and complex. No longer did the obedience of the armed mass count for most in battle, but the intelligence, initiative, and innovative ability of the men on the spot.

War became the province of well-motivated and well-informed individuals who could work in teams — men who knew how to do their particular jobs, and knew how to do them together. The mobile and fluid nature of combat called for leaders who could think on their feet. The old military maxim, "it's a poor plan that can't be changed," took on a dynamic new meaning. When plans had to be changed suddenly, everyone up and down the chain of command had to adapt to the new circumstances more or less instantly. This meant that they all had to be apprised of what was going on.

"Adaptability is the law which governs survival in war as in life," wrote Sir Basil Liddell Hart, the most respected of modern military authorities. Replace the word "war" with "business" and you would have an excellent motto for management today. The organization that is able to adapt to shifting conditions from the bottom to the top will be the one that wins the victories in the marketplace. Adaptations are hard for people to make. They will only be made smoothly by those who pitch in willingly because they feel that they are essential members of a team, and are recognized as such.

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ISSN 0229-0243