



## LEADERSHIP ACUMEN Issue 13

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### CHANGE, CHAOS, GLOBALIZATION and other Windmills

The world of executive leadership and senior management is full of concepts, buzz words, and flavour-of-the-month book titles that come and go. Some however have been celebrated, blamed and fought against more than others. This month we will look at an enduring issue – change – and some related concepts.

#### The Managing Change Thing

I gave my first seminar on effectively leading people and organizations through change over 20 years ago. As a result it is hard for me to believe that there are a lot of leaders – senior leaders – still talking about ‘Managing Change’ today.

Sometimes the comments sound a wistful, distant, blame-approach, as if there is little they can do about it all – but wish someone would. At other times, the talk is a confident, commanding approach designed to instil confidence in investors, media, and more junior staff – to get them to “dig-in” and work harder, or hang-in until things turn around.

On one hand, I can relate to the battle-weary sighs. (Probably we all can after 2009!) Today’s fast paced and ever changing world is throwing more need for adaptation, nimbleness, environmental scanning, pattern recognition, creativity and high-energy, motivational leadership than ever before. More in, say a 10 year period, than our parents faced in their whole career.

On the other hand, the authoritative admonition that you should be able to “manage change” in the department or organization, causes me to shake my head in disbelief. The concept of *managing change* comes from the erroneous belief that we can control it, direct it, contain it, slow it down or even speed it up. (The “it” being the many external forces of customer expectations, market value shifts, changing regulations/standards, and more, plus the internal processes, efficiencies, employee attitudes, etc.) Managing after all, is mainly about the organization and control of resources in order to achieve specific goals or results.

However; if most of the reasons that change is impacting our organizations come from the outside, and are a lot bigger than us; and if these outside forces are likely to continue changing and shifting *forever*, instead of acting in some cyclical pattern that will return us to a “business as usual” environment in a couple of years; then the idea that we can actually “manage” our way through change needs to be replaced. Replaced perhaps with the well described concepts of facilitating our people and organizations through a change curve process, plus the approach of leading our organizations successfully through exploration of changing business environments and global trends or value shifts, then the adaptive response of re-inventing our purpose, products, services, structures and processes.

The ‘Change Curve’ was first identified and popularized by psychiatrist Elisabeth Kubler-Ross in her book “*On Death and Dying*” over 30 years ago, and brought into the corporate world by her a few years later. The environmental scanning and value shifts concepts are over 20 years old, and the Heifetz Adaptive Leadership concepts have been in circulation and were well described in his book “*Leadership Without Easy Answers*” almost 10 years ago. These are all fundamental and extremely useful guidelines for senior leaders to effectively lead their people and organizations through change – as opposed to trying to “manage change”.

Recently, Queen's University and the Human Resources Professional Association of Ontario (HRPAO), ran 3 one-day sessions on Managing Change for Senior HR Executives. They sold out, all three sessions! Now, of all the senior leaders in an organization that I would expect to inherently know and understand issues of leading change it would be the VP's of HR. Many other executives have asked me the past few years about tips or tricks to successfully managing change. Yet others have said, "we've done the managing change stuff, now we are looking for what is beyond that".

This begs the question: What is it we are really looking for today? Or, are we dealing with a new generation of senior leaders that never learned these fundamentals above?

We have seen too many examples over the years of failing organizations that ignore major shifts around them, maintaining existing product/service strategies, and then trying to clamp down on costs, reduction of risk, and moves to outsourcing, all in an attempt to "weather the storm". Meanwhile, what the senior leaders should be doing is starting to facilitate a much larger approach of re-invention – which requires the fostering of innovation, risk-taking and adaptive processes. (Under some extreme change challenges or if you have left things too late to adapt, you may need to finesse both at once.)

The facilitative, adaptive, re-inventive approach IS challenging, requires well considered implementation, and demands a willingness to mobilize as opposed to control – and there's the rub! Leading successfully through change (vs. managing), requires almost counter-intuitive skills in dealing with ambiguous circumstances towards a somewhat hazy objective. It also takes incredible personal engagement, effort and interpersonal presence with your people, collaborators and community. Leadership is itself, about change. Management is about control. ***So when dealing with change, LEADERSHIP rules, not management!***

### **Chaos**

Another popular extension of the Change conversation these days is around Chaos Theory, or even the science of Complexity – finding patterns and order out of what appears chaotic or random.

Most traditional business systems, and even most science, is built upon assumptions of linear processes, trends, controlled growth and known rules. The turn to Chaos Theory or the Science of Complexity is an interesting next step for senior leaders and managers dissatisfied by change management concepts that don't seem to work. Is this a jump to the other end of the spectrum - to the consideration that things have now become too chaotic or complex to effectively manage, and a search for some formulae to simplify the things around us? (Again, with the hope that we can control them and then manage them!) To look at the concepts of Chaos and Complexity from this vantage would be unfortunate, and misses the true benefit of understanding these concepts.

In reality, the importance for executives in learning these chaos-related concepts is to get senior leaders to appreciate and understand the necessity for ***systems thinking and network leadership*** practices in their day-to-day roles. These approaches demand a little more time, brainpower, consideration of broader perspective and input, and the use of techniques that can engage employees, suppliers, partners, and outside experts or clients. However, these processes also require the leader to give up some control and spend extra time on connecting and involving more people in decision-making processes – all before measurable indicators of results become obvious.

Whereas philosophers, poets, farmers and religious leaders have delved into complex matters for centuries, Systems thinking and Network leadership has come to the business world and governments only recently as we have started to realize our global inter-connectedness.

The science of complexity has largely been developed in the past 50 – 60 years, as mathematicians and physicists realized that Cartesian geometry and Newtonian physics were close, but not accurate enough descriptors of real-life phenomena. Chaos Theory is generally attributed to Edward Lorenz a meteorologist in the 1960's who also put forward what is also known as the Butterfly Effect. (The interconnectedness of systems is so pervasive, that

the flap of the wings of a butterfly in South America, can affect the weather of coastal Indonesia some weeks or months later.)

Lorenz built upon the pioneering work of Poincaré into non-linearity modelling, and Ueda's two dimensional, phase-space/pendulum work leading to concepts of 'strange attractors' and variable systems. This was further built upon by Benoit Mandelbrot in the 60's in his book "The Fractal Geometry of Nature", and accompanied by Ludwig von Bertalanffy's General Systems Theory. Much of the spirit of this work, and integration of science, government, business, the environment, and economics is furthered today by the respected Club of Rome.

For executives looking to understand the implications of this work on Leadership in business, government, NFP's, and more, there are some excellent resources for your digestion and bookshelf:

- **"The Hidden Connection"** by Fritjof Capra. Arguably the leading expert in systems thinking in the world, he has integrated biological, cognitive, social, and metaphysical into a science of sustainability particularly as it applies to life in organizations, leadership, and networks of global capitalism. Previous books also include "The Web of Life" and "The Tao of Physics".
- **"Leadership and the New Science"** by Margaret Wheatley, has popularized the application of these principles to leadership, and now puts her energies into promoting and facilitating meaningful conversations: **"Turning to One Another"**.
- **"Birth of the Chaordic Age"** by Dee Hock. As founder and Chairman Emeritus of VISA, he looks at the combination of Chaos and Order (Chaord), based on his personal experience of creating one of the world's most practical and successful examples of the 'networked organization' in action.

Again, in exploring Chaos, Complexity, and Chaords, the real application is how executives can better integrate systems-thinking and comprehensive environmental scanning into their work. It should also move them beyond change management, to an implementation of the competencies and facilitative practices of network leadership.

The summer of 2003 provided quite a wake-up call to business, government and the general population of Eastern Canada and Eastern USA as a result of the big August power black-out. Due to de-regulation over the past 10-15 years, the electricity industry had evolved into a North American electricity *network*. Unfortunately, most of the 'players' had continued to develop policy and/or operating procedures in a traditional, isolated, independent, management approach.

The day the 'lights went on', was the day after the black-out and before full electrical service was restored throughout the region and communities. All of a sudden, the average citizen in addition to executives of organizations connected to the grid, realized that the world around them had shifted to a network reality. While some focused on the job of getting the electricity restored, others took the old-school approach of trying to fix blame and/or restore control. What remains to be seen is if the investigation commissions and electricity company executives will successfully recognize the network reality and change their policies and operating procedures appropriately.

While the rest of us are still feeling the effects of the 2009 financial melt-down around the world, one hopes that our vehicle manufacturing, banking, energy, water & sewage, and other industry executives will realize from this crisis, that their own companies (and our governments) have also become global-networked organizations. And, with this realization, start to adopt new systems thinking and network leadership practices.

### **Globalization**

Perhaps over-used, this term never fails to generate a reaction! In fact, think for a moment. What kind of body, energy, and mental response do you get from the words:

- Change,
- Chaos,
- Complexity, and
- Globalization?

If you are anything like the majority of people to whom I have asked this question, it is likely to be an energy-draining, body-slump-inducing response!

On the other hand, consider your body response to:

- Nimbleness,
- Innovation,
- Networking,
- Exploring,
- Expanding or exporting.

These words and concepts tend to be energy enhancing!

Globalization can be seen as a threatening, loss-of-control kind of concept. Lord knows, government and business leaders have used globalization as the reason for invoking rather draconian new policies or downsizing initiatives, manufacturing relocations off-shore that affect whole communities, and more. No wonder people are willing to riot in the streets of Seattle or Montreal at WTO meetings. The peaceful demonstrations however, are against what they see as unfeeling, profit-hungry mega-corporations that use and abuse human and natural resources of the Developing World to produce goods at lower costs – causing layoffs and community disjunctions at home.

Indeed, as the world has become more interconnected, lower cost Brazilian and Korean steel production for example, has threatened both Pittsburgh, Pennsylvania and Hamilton, Ontario communities and their steel companies. At the same time, pollution and waste disposal has been less regulated and likely more deadly in Brazil and Korea than in Pittsburgh and Hamilton. Other globalization fallout includes Chinese electronics production,, Indonesian brand-name textiles & footwear, and now the world trade barrier disputes as Developing countries' agricultural products try to gain entry into protected developed world markets.

*Globalization in and of itself does not have to be negative however.*

Globalization can mean the shift towards more 'knowledge jobs' in North America as the more basic jobs go elsewhere. It has the potential to provide exciting international careers or new markets for our products and services. It can also mean increased standards of living, health, and education for those workers in Developing Countries that now have jobs – especially if we pay them decently.

The positive side of Globalization, just like Change and Complexity, does however require more thought, a higher sense of values, increased engagement of community, and a broader set of measures of success beyond simple financial return to shareholders. Also, It has to be driven by a sense of longer-term sustainability and stewardship of our planet for the benefit of our children, grandchildren, and further generations.

**Management** – traditional, control-oriented, resource and bottom-lined focused – approaches have been consistently shown to be ineffective in handling change, chaos/complexity, or globalization.

**Leadership** on the other hand – facilitative, innovation fostering, values-anchored, systems-thinking, networking-oriented, and sustainability focussed – is clearly proving to be the better approach to energizing community and moving forward successfully into the future.

Instead of “tilting at the windmills” of outmoded concepts, let’s work to replace the language and concepts of:

Managing Change	→	Facilitating Continuous Innovation
Dealing with Chaos & complexity	→	Connecting Systems & Networks to lever Novelty and improved value
Globalization	→	World-wide Sustainability, Stewardship and Exploration to enhance the human condition everywhere

These concepts on the right are both challenging and true opportunities for today’s senior leaders.

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### Exploring The Web!

The following connections will take you to sites with more perspectives on the issues surrounding change, chaos and globalization.

[http://www.cio.com.au/article/268210/change\\_management\\_101\\_an\\_executive\\_guide\\_change\\_management](http://www.cio.com.au/article/268210/change_management_101_an_executive_guide_change_management)  
Change Management 101 – An Executive Guide to Change Management! CIO Magazine

<http://www.refresh.com/archives3.html>  
The CEO Refresher website with articles on Leading Change.

<http://www.brint.com/Systems.htm>  
Complexity, Complex Systems, and Chaos Theory – a web portal to various articles, papers and books on this topic.

<http://www.enlightennext.org/magazine/j22/hock.asp>  
The Birth of Chaordic Organization – An interview of Dee Hock by EnlightenNext Magazine

<http://www.clubofrome.org/>  
The Club of Rome website.

<http://www.imf.org/external/np/exr/key/global.htm>  
Globalization – Issues page from the International Monetary Fund.

<http://usforeignpolicy.about.com/>  
A great Globalization/US Foreign Policy Issues portal.

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