

## The Rhythm of Change

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*The one constancy is change and yet so many spend much of their time and energy in trying to avoid it. But if change threatens us, it is also the vehicle by which we continue to enrich our lives and extend our personal identity. In this article, Sarina Sorrenti explores some of the dynamics of change and sets out some fundamental ground rules to help us manage it.*

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Evolution and adaptation are facts of life. From the day we are conceived we begin a journey of change and development. In business, the word *change* is seen by some as a curse while for others it suggests the opportunity for an uplifting experience. During the current era we are experiencing rates of change that are more rapid than at any prior period of history. Today, the only constant in our life seems to be that tomorrow another change will take place.

The phenomenon of change has an enormous impact on how we learn, how we keep up to date and how we conduct ourselves in businesses. If change is inevitable, how do SMEs take advantage of these phenomena? Can SME executives and managers manage a business and take stock of change requirements at the same time? Is Change Management a core competency for every business owner and leader? These are some of the questions I would like to explore in this article.

### **Understanding the rhythm of Change in Australian business.**

It was at a very young age that I had my first experience of the difficulties associated with adapting to one's environment. My migrant parents came to Australia in the early 1950s and established close ties to other migrant families from the 'old country'. For some, including my parents, it was as if time stopped in 1950 and the values, beliefs and habits they had held dear in their heart had to be cut and pasted into current Australian life. Growing up as a first generation Australian with traditional migrant parents made life interesting. My parents, as was the case with many other early migrant people, were sticking to what was comfortable and secure even though the environment was different. It is very seductive to surround yourself with people who think and want the same things as you. It is easier to have people around you who agree with you more than they disagree.

The Oxford dictionary definition of change is *becoming or making different, difference from previous state*. This definition does not take into account any judgement of whether the difference that takes place during change is better or worse. It does however allude to the issue that something may be left behind to get to a different state. This is the aspect of change that concerns most of us.

When we are in a state or condition - e.g., a job, a relationship, a role - no matter how much we may like or dislike the current situation we at least aware of our circumstances. Moving to a different state brings with it an element of the unknown. What parts do we need to leave behind and which new parts will we develop and will this change be better or worse for me and my organization? These are all critical questions that can paralyse us into staying where we are and like the proverbial ostrich keeps our head firmly in the sand and stay supposedly 'safe and secure'.

During my first full-time position, I experienced a confronting form of change – the company had to face the challenge of becoming more productive or closing down. In an environment where the change-drivers were strong, clear and obvious, enough creative tension emerged to move the organization out of a survival mode and into a thrive mode. The need for change became very personal and clear and this developed an amazing amount of creative energy.

The process of change seems to produce three distinct groups of people - the Drivers, the 'Wait and See' and the Resisters. In the situation in which I found myself, it was necessary to make an example of one of the key General Managers, who was a Resister, to demonstrate that the strategy being applied to the need for change was a serious one. It is amazing how quickly the 'Wait and See' brigade recalibrate their behaviour once a Resister is removed. This approach also validated the Drivers of change who were running with the change at an exceptional speed. What percentage of staff in your organization are Drivers, 'Wait and See' or Resisters of change?

As Managers and owners of SMEs do we have the courage to manage a Change in a manner that reinforces our key internal Drivers and punishes our Resisters? Or do we allow mediocre behaviour to promulgate?

During a recent dinner-party conversation I heard the old comment – 'the trouble with SMEs is that they are too insular and close minded; they don't realise the changes that are happening around them'. My immediate reaction was to defend the plight of SMEs which do not have the ample spare resources of the big organizations nor the same pressures. But I reframed my perspective as I remembered a story about Frank the frog.

Fred the frog was jumping about and, in the process, accidentally jumped into a pot of boiling water. He jumped straight out – a bit scolded and shocked but a survivor. Then there was Frank the frog who was a bit lazier and loved to find nice spots to sleep. He found himself in a cool tub of water. Little did Frank know that the tub of water was a pot sitting on a stove. He didn't recognize the slow changes in the water temperature and eventually he was boiled to death. This classic boiled frog parable may be applicable to Australian SMEs.

Too many Australian SMEs boil to death, unaware of the changes in the market around them. Keeping a strategic window open does not need to be a sophisticated activity. It may be as simple as keeping your reading up to date or remaining aware of competitor practices or of best practice in your particular industry.

We are all consumers and customers every day. Being conscious of the good or bad service we experience and then adapting this to our own organization can be another

way to keep abreast of better practices. Even just setting up a white board with key indicators about how your industry is tracking – are you in a boom or bust cycle - can assist in your creation of a preferred future. There are many things we can do. The task confronting many SMEs is to take a step back and become conscious of the changes that are taking place around them.

All organizations have interesting rhythmic patterns. I worked with one that applied the two steps forward, one step back rhythm of change and couldn't quite understand why they weren't moving forward quickly enough. Sound familiar?

There are many different ways to describe change. Let's first acknowledge that change is a process. Like most processes there is a beginning, transition and ending. Peter Senge describes the rhythm of Change in his best selling book *Dance of Change*. He explains that most change initiatives fail because leaders forget to manage the life-cycle of a change initiative. This includes the strategies, processes and structures that support the change and even more importantly the profound personal transformation that is involved. Sustaining the momentum of change and consciously managing the change process are two key strategies that are often forgotten by management. Leaders of SMEs need to be aware that the ability to run their business while simultaneously managing the change process is an indispensable management tool.

There are many theoretical models that try to help us understand the change process. One of these models is the Buckley and Perkins Change Wheel model that describes the seven cyclical stages of change as Unawareness, Awakening, Reordering Chaos, Transformation, Commitment, Implementation and Integration. Once the Integration stage is complete the Unawareness stage re-emerges. Let's take an example through the Change Wheel. Imagine you are going to have a baby. The Unawareness stage would be that everything is normal, life is flying by and all is OK. In the Awakening stage you experience some changes to your body and are told that you are pregnant. The Reordering Chaos stage involves trying to grasp what the changes will mean for different aspects of your life. This turbulent phase can last a variable length of time, depending on the mindset of the individual and the perceived benefits and gains from the change. The Transformation stage includes physical body changes. The Commitment stage brings with it positive endorphins, and as this stage reinforces a focus to move forward and deal constructively with the new circumstances. The Implementation stage could be described as the labour, hospital visit and first 3 months of the new baby's life. Followed by the Integration stage where the new baby becomes part of your on-going life.

We can use the Change Wheel as a guide when implementing a change such as expanding a business, implementing new processes or systems or hiring a new staff member. Acknowledging where you are in the change cycle can support effective movement into the Integration stage.

To help ourselves and our staff engage with the new change and move quickly through the Reordering Chaos stage we need to personalize the impact of the change. Positioning the change in a way that engages and involves staff can facilitate the effective management of successful change initiatives. Too many change initiatives

result in unsustainable results and involved individuals are likely to revert quickly to old habits.

One effective Change Management formula that has been used in organizations includes six key steps. The formula is: Clear Vision + Leaders Role-modelling the Way + Pressure for Change + Capacity for Change + Actionable First Steps + Reinforce and Consolidate = Successful Change.

If you take one of these steps away, the danger is that the change initiatives might lead to cynicism, mistrust, low prioritization, anxiety or reversion to old habits. I once worked with an organization where there was amazing pressure for change and no clear vision or leadership role-modelling. This was an extremely frustrating and draining place to work and, rather than stay with a sinking ship, I moved on. Within eighteen months the organization went into receivership. That particular organisation did not have the ability to reinvent itself and develop a new vision and service offerings. It ignored all indicators; its strategic window was firmly closed and no warnings, alarm bells were not recognised or addressed. Like Frank the Frog it boiled to death.

As an owner of a SME, I am becoming increasingly aware of the amazing impact of business cycles. When the industry you operate in is positive growth mode, there are opportunities and business everywhere. You build up capacity to deal with the increase in business and become consumed with how 'great' business is. Then enters the Unawareness stage and everything becomes extremely comfortable. We forget to put in an advertisement or attend a network meeting or follow up clients because things are going so well. The phone starts to ring less but you ignore this as you say to yourself, "isn't it nice to have a breather". You review your quarterly BAS and notice that your revenue has dropped by 20% and you overlook this as an exceptional issue. But avoiding the impacts of the business cycle on our business does not make them go away. In fact, it makes recovery and defending your position and business even more difficult. How foolproof is your business to adverse business cycles? As Sun Tzu said '...to be able to do something before it exists, sense something before it becomes active, see something before it sprouts; these are three abilities of leadership...' Unfortunately Frank the frog did not possess these leadership traits.

The negativity surrounding the recent numerous 'right sizing' initiatives across the business world may have been avoided. Some of the retrenchments that have taken place were possibly due to a Management group that was unable to read the business cycle. The group's expectation of on-going growth may have blinded it, prevented it from adapting to changes in a positive manner and led it to make cuts in profits and people. This is particularly true of the recent events in the IT&T industry.

The current housing boom is also demonstrating fantastic growth. But do we really think this will go on forever? As SME leaders, we need not only to read industry trends but, wherever possible, create them. As another old animal fable tells when all the Ducks are flying north – that might be a very good time to fly south.

One strategy that has been set in place in my own SME is the concept of multiple sources of income. This strategy was not sourced from an amazing management guru, but rather from my migrant farmer father who understands firsthand that not

everything will work well all the time. The concept of multiple sources of income is basically the adage on not putting all your eggs in the one basket. For example if there is a downturn in the local market you have to turn to an established distribution channel overseas. Another example would be to have a number of service/product offerings. In my organization there are three different business units - On-line Internet Surveys; Management Consultancy; and Leadership and Business Coaching. Channel partners, both locally and internationally, have also been developed. This is helping the business become dynamic and adaptive to changes in business cycles.

Let's explore those situations in which proposed changes are actually more detrimental to organizations than if they had left things as they were. Remember, there is no assumption that all change is good. It is just different. Very often, in larger organizations, there is an interesting phenomena that appears when a new Manager or CEO takes over. The new Manager often destroys the old and starts from scratch and then wonders why morale and productivity decreases. There are times when there is a legitimate need to get rid of 'dead wood' and ineffective processes and services. But there are also times when personal ego requirements for control take over the question of what is best for the business. This Machiavellian Leadership style may work when you are at war but will it work in a living organization?

A wise Leader would review the past, take the best from it and remove the parts that are restricting or limiting the success of the business. A wise Leader would build on the best of the past and acknowledge the importance of continuity and would adapt this with a refreshing vision and roadmap for the enhanced path ahead. We need more wise Leaders.

When leading a change initiative, it is important to understand the intent behind the initiative. Is it for personal gain?, Is it driven by spite? Is it to ensure a sustainable business? On too many occasions, change initiatives take place – in particular in the IT&T area - where grand claims of benefits are never actually realized. The impact of change, either tangible or intangible, should be measurable. Doing a before-and-after assessment of the situation can also provide wonderful learning to ensure we grow from both our mistakes and successes. We need to avoid change for change's sake for this frequently results in wastage, cynicism and frustration.

Why do we resist change? Being in the Unawareness stage is comfortable and secure: it may not be pleasurable or fun but it is familiar. When moving into a different state, individuals brought up with the Australian culture wants to be told the truth and want to be kept informed. To support the personal change in staff and colleagues we need to monitor the change and gain a clear understanding of how it will impact upon their individual roles and identities. Too many organizations forget how detrimental it is to their staff when they do not communicate clearly and personally.

Change is unavoidable. But if we cannot manage its occurrence, we can control how we choose to deal with it. Shall we play the victim approach?, "Poor me!" Shall we take the late-adopters approach? "This really does work!" Shall we take the driver's approach? "Let's create it!" At different times and in differing situations, we will choose to deal with change in various ways. Remaining conscious of the form in which we choose to respond to change is one way in which we increase our capacity to manage change in a more personal and effective manner.

As Charles Darwin said 'It is not the strongest species that survives; nor the most intelligent. It is the one that is most adaptable to change.'