

**The Best-Laid Plans:
Uncertainty, Complexity and Large-Scale
Organisational Change**

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Introduction

Despite the considerable ramping-up of research in the last two decades into change management, there is still a shortage of sound advice to managers and leaders about how to create deeply-felt, large-scale change in an organisation. Like many others who have written in this area, we are not offering any sure-fire instructions that if scrupulously followed will guarantee your success as a manager of a large change. This is an impossible task given the immense variety of organisations and industries, and the pace and nature of corporate change. We propose that managers should continue to plan and to manage large-scale change as much as possible; however the implementation of such change does not always pan out as expected.

Even if we did not give this advice, managers would attempt to plan change anyway as it is part of the psyche of being a manager that they seek control and order. However, we suggest that managers have a lot to learn and to gain personally, and to gain for their teams and organisations, by becoming a little more relaxed about, and accepting of, the uncertainty and unpredictability of any large-scale change. Change is messy, complex, confusing, and frustrating, and this is the reality of any revolutionary process that is seeking deep-seated change to the way “things are done around here.”

This article pulls together various sets of information about the nature of organisational change. The three authors have themselves been investigating large-scale public and private sector change for many years, both as researchers, change strategists and implementers. Like most readers, we have also been recipients of change. We draw upon the findings of our research and consultancies into change in major airlines, financial institutions, hospitals and public sector organisations. In addition, we talked though these insights about transformational change with four very experienced Queensland-based CEO's: David Hutton, CEO, Catholic Education in the Archdiocese of Brisbane; David Gray, CEO, Boeing Australia Limited; John Mulcahy, CEO, Suncorp Metway Limited; and Jude Munro, CEO, Brisbane City Council. Our discussion with these CEO's, and this article, begins with an overview of the popular stage-like models of change, and then

moves into presenting a case for managers adopting a less proscriptive and more creative position on the change process.

Stage-like traditional approaches to planning and managing change

The vast majority of Australian managers and leaders today adopt a planned approach to large-scale organisational change. Many managers and leaders find that in their particular circumstances, they can apply a linear, step-by-step planned process in planning and implementing major change. This planned 'n-steps' approach (that is, n varies from 5, 6, 7 or more steps, depending upon the chosen model of change), is very popular among Australian and other managers. There are many examples of such n-step models, including John Kotter (Kotter, 1996; Kotter & Cohen, 2002), Rosabeth Moss Kanter (1985, 1991), and many others. This approach offers a rational model to change, and a sequential framework that helps the planning and implementation of complex change. The approach makes managers feel generally quite up beat and optimistic about their chances of success if they follow all of the steps. Such models essentially chart the course of change, and allow the manager to read the navigational signs.

Probably the best-known linear approach to change is the eight-step model of Kotter (1996). His model is highly influential in Australia and elsewhere as demonstrated by the number of organisations that explicitly apply his framework. Kotter instructs managers to plan their change in the following order: 1. Create (increase) a sense of urgency 2. Build the powerful guiding coalition 3. Get the vision right 4. Communicate for buy in 5. Empower action 6. Create short-term wins 7. Don't let up 8. Make change stick. In our own research, especially in large organisations, we have seen managers apply each of these steps to guide not only the change process, but also to provide a language that structures most conversations about change in their business (e.g., "how are we going in building the powerful guiding coalition?").

All of the CEO's whom we interviewed recommended a planned approach to change. Like Kotter and other advocates of planned change, they see that change requires sometimes years of effort. Managing change is not a simple activity, but a complex and

challenging process. Each stage in this process offers its own special challenges. John Mulcahy reports that major changes at Suncorp Metway Limited begin with a vision, a leadership framework, clarifications of roles, and then, performance management plans. David Gray from Boeing commented that a change management plan is very important to their change processes, but he believed that the rationale and motivation for change are just as important. Jude Munro from Brisbane City Council felt that good project management is crucial whether you are building a bridge or leading large-scale organisational change. In line with similar elements in the framework described by Kotter, her approach is to have a sponsor, a manager, a plan and a communication strategy, although she also argues that it is more difficult to achieve a uniform approach to change across a large organisation like Brisbane City Council. David Hutton believes that leaders need a working model of change that incorporates vision, goals, quality assurance, individual performance management, as well as a strategy to address cultural issues including value-based communication.

The role of the CEO, then, is to build the case for change and to engage people in being committed to the change. This is the core idea of Kotter's (1996) important first step – “build a sense of urgency”. Our CEO's agree. For instance, Jude Munro from Brisbane City Council argues that before you even present a clear vision for change, you must understand the drivers for change. If you do this, she says, you build a sense of urgency anyway. David Hutton believes that bringing your senior and middle managers together with a shared vision for the organisation is essential for change to happen. Personal involvement with them aids this process. David Gray from Boeing asserts the importance of leaders having a bone-deep belief that change is necessary, do-able and well thought-through. He says that a prerequisite for change is to have a culture and people who can see that ‘the bar is raised’. He reflects: “Identify where change is needed and then motivate the management team. Change for change's sake in a sophisticated organisation like ours just doesn't wash. If the managers don't believe in the change, then forget it”.

It is interesting that when we survey managers in our own research about the greatest challenges in making change happen, they report considerable difficulties in the

communication of the vision and the plan of change. This is Kotter's important fourth step. In a recent study of a major change, we found that employees are highly critical even of the well thought-out attempts to communicate change. They prefer the use of multiple communication channels to inform them about the change vision, plan and process (Paulsen et al., 2004a). Face-to-face communication with their supervisors and managers was the most preferred channel of communication. In addition, communication from supervisors was important in increasing employees' feelings of personal control during the change process, and actually improved their levels of job satisfaction (Bordia, et al., 2004). In other work, we have found that managers who provide timely and accurate information during large-scale change can provide higher levels of support for their employees, as this information allows employees to confront potentially threatening issues in a more active way (Jimmieson et al., in press). Such threatening issues can include major re-structuring of departments and work groups, the opening of talks about potential mergers, reduced budgets for the next financial year, and the possibility of having to begin a process of staff lay-offs.

All of the CEO's agreed that timely and accurate communication at all levels of the organisation is vital during large-scale change. David Hutton is known as an excellent communicator who is well known among his staff for his realistic and frank communications about the challenges of large-scale change. Jude Munro of Brisbane City Council commented: "Communication is crucial. I have to explain the rationale for the change". In addition, our CEO's expanded upon some of the communication strategies that they employed. For example, "I am a communicator at the corporate level, and I try to adopt a personal approach" (John Mulcahy, Suncorp Metway); "I lead the steering committee and am part of the leadership for change" (David Gray, Boeing); "I try to personally communicate with my 138 principals. I want to get maximum stakeholder participation and good, two-way communication. High face-to-face visibility, particularly on their turf, is particularly important." (David Hutton, Catholic Education). Good communication was central in keeping people motivated during the more confusing periods of the change. As David Gray from Boeing asserts: "Good communication is a

part of how we operate. I try to take away the barriers to change and stop people losing their nerve during change”.

Of the four CEO’s interviewed, David Hutton from Catholic Education was less enamoured by step-wise models of change. In fact, he wondered if leaders really could change very large systems. His view is that large systems are inherently dysfunctional, and while linear approaches to managing change have their place, they have limited use in the context in which he operates. He believes that leaders need to pay attention to the optimal working size of organisations. This may vary from industry to industry, but service industries like the one he operates in, with ‘softer’ performance indicators, need to operate on a smaller scale to be effective. His views correspond with those of Fullan (2001, 2003), for instance, who talks about “managing change from a swamp”. The challenge is to disturb the system in a manner that approximates your desired outcomes. The best way to manage change is to set the vision and goals, and just to allow it to happen, empowering employees and having confidence in their abilities to work though the demands and uncertainties that occur with any major change.

This increasingly popular view of change, which was also referred to in various ways by our other CEO’s, is now discussed in more detail. As our CEO’s observed, our organisations do not operate on the basis of well-established logic alone, and individuals perceive events and situations in quite different ways. Many see stormy weather, when others only see calm waters. Alternative views of organisation and change suggest that change is not linear, and that change is not a set of abnormal events that need to be ‘managed’. In fact, change is the reality for most organisations: it is ‘part of the furniture’. The growth of more chaos-type or complex systems models of change have their roots in these ideas, and we now investigate their utility and implications for managers of large-scale change.

Building uncertainty and chaos into our stage-like models of change

Many organisations and their industries find that change is actually less predictable and more complex than they expected, especially if the type of change is more

transformational, and driven by a need for systemic and revolutionary modifications to the entire nature of the organisation. This type of change is often experienced as an 'emergent' process, where events occur in ways that could not be predicted from knowing what each component of a system is doing in isolation (Casti, 1997; Lissack, 1999). Tsoukas and Chia (2002) argue that "to properly understand organizational change one must allow for emergence and surprise, meaning that one must take into account the possibility of organizational change having ramifications and implications beyond those initially imagined or planned" (p. 568).

The CEO's whom we interviewed, as well as those we have met in our research and consulting, have all experienced the uncertainty of change, despite the best efforts to plan and adequately resource each step along the way. While it is useful to plan change as occurring over a series of stages, they all observed that more than one phase can occur at the same time. For instance, bedding down support from the senior team and board for the change can go hand-in-hand with continued efforts to explain the reasons for the change, and personal efforts to clarify and communicate the vision for the organisation. When leaders do communicate, they need to speak with one voice. There can be unfortunately a lack of quality dialogue and cabinet solidarity at the top during change – executives often push their own agendas and create a lack of cohesion (Barratt, Hollway & Shergold, 1999). To survive, you need to develop a contingency view of leading change that recognises that rarely will large-scale change turn out as planned. In other words, change leaders must expect the unexpected. The best-laid plans will not adequately prepare you for the emergent realities of the future. Managers must therefore develop the capabilities needed to ensure their organisations and employees can capitalise on opportunities for innovation and business development that these events present.

In some industries, it is clear that change oscillates between long periods of relative stability and short bursts of radical change that transform the nature of how an industry operates in the future. This view of change has been well described by advocates of the punctuated equilibrium theory of change (Gersick, 1991). Others talk about how changing organisations are operating on the edge of chaos (Pascale et al., 2000). In some

industries, almost continuous change seems to be occurring, and there are few, if any periods of stability. The ability to pursue relentless and continuous change becomes critical to innovation and survival in highly competitive markets. This picture of change is best captured by complexity theories that propose that few enterprises ever regain a state of stable equilibrium after a period of radical change. Rather, they live on ‘the edge of chaos’. Some argue that organisations are most efficient in the limited space between stability and disorder (e.g., see Kauffman, 1995). Change moves an organisation to the edge of chaos as different organisational groups interpret the change vision and direction differently and in ways that best suit their needs. Such continuously changing organisations operate as complex and adaptive systems that, by poising the organisation on the edge of chaos and order, and by always looking somewhat anxiously to the future, drive continuous change (see Brown & Eisenhardt, 1997).

It is clear that change can be planned, but plans need to recognise the often chaotic quality of any change implementation process that can often involve shifting goals, unforeseen consequences and accompanying messiness. In fact, managers with an excessive focus on planned change “risk failing to recognise the *always already*-changing texture of organisations” (Tsoukas & Chia, 2002, p. 579, italics in original). Step-wise linear models of change do offer very useful insights and guidelines. They do provide managers with a guide book that we know does help many managers to construct a more sophisticated understanding of the challenges and potential mine-fields through which they must work to produce successful change to their team or at other levels, their corporate structures. On the other hand, during change there are sometimes considerable periods of uncertainty, confusion and ambivalence, especially when a manager is creating “deep change” (Quinn, 1996). By “deep change” we mean change that is major, discontinuous with the past, and where there is no way back to the status quo. In our own research, for example, we have found that this confusion is greatest among employees at the anticipatory stage of large-scale change. What managers do at this stage is critical to promoting employee adjustment and commitment to the whole process of change (Paulsen et al., 2004b). It is during this time that the majority of employees feel low

levels of personal control and high levels of job uncertainty, and supervisors need to demonstrate high levels of hardiness and tolerance for ambiguity.

Our view is that while recognising the demonstrated value of the step-wise models of change, the complex and difficult nature of leading change should not be under-stated. Accurate accounts of change need to fill in the many gaps, showing its messiness, its lack of manageability at times, the politics of change and the lack of cooperation that can occur, how managers make decisions with incomplete information, that mistakes do happen, that plans do change, and that this is the fundamental nature of large-scale change. Schien's (1985) work on managing and changing organisational cultures, studies of how individuals and groups in organisations cope with large-scale change (Terry et al., 2001), and other recent work into why it is natural for people to resist change (Strebel, 1996), are all important contributions to helping managers to fill in such gaps in their understanding of the change process.

Changing the focus to building capability among managers, supervisors and employees

There is an emerging view that change management is very much about facilitating changeability, as much as it is about living with change. That is, there is an opportunity to use change as an active, dynamic and also quite creative process. Change will only be successful if the leaders, managers, supervisors and employees have core capabilities that allow them to cope with and to use to their advantage the essential messiness of large-scale change to large complex systems. Change offers managers an opportunity to build their capabilities, and those of their staff. Managers need to see change events as an opportunity to build their capabilities in managing transitions, dealing with diverse organisational cultures, and the politics of organisational change (see Carnall, 1999). In this context, as Lissack (1999) argues, leaders' effectiveness lies in their ability to make activity meaningful for those they lead. They do this not by changing behaviour, but by giving others a sense of understanding about what they are doing. A key target group for such efforts are supervisors. Many studies, including our own, have now demonstrated their central role as communicators of change, being perceived by their staff to provide the most accurate, timely and trusted information about change.

Some writers have attempted to list such capabilities. For instance, Turner and Crawford (1998) talk about the need to have and to develop five core change capabilities: engagement (getting people informed, involved, committed and motivated to act); development (developing the personal, physical, technology and systems); performance management (managing the factors to consistently achieve intentions); “biztech” (understanding and influencing the technology and processes to produce services); and marketing and selling (understanding the markets, external events, and client needs). Burke (2002) offers a list of attributes and skills that include taking the heat, consistency, perseverance and repeating the message. One of us found a similar list of capabilities that are required in senior managers who need to drive revolutionary change in the vocational educational sector (see Callan, 2001).

Transformational change typically involves major re-distributions of power, status, access to resources and changes in identity that people will resist and contest unless they can see the benefits of the change for themselves, their work teams and the organisation. The complex adaptive systems view of change, with its bias towards open systems thinking, picks up these issues more than the linear models of change that assume a more closed systems view. Our own studies into large-scale change in airlines, the military and hospitals, for instance, highlight the need for managers to recognise the inter-group nature of change (e.g. Paulsen, 2003). When planning and implementing change, managers need to accept that people perceive the benefits and costs of organisational change, not only from a personal viewpoint, but also in terms of what is gained or lost for the groups with which they identify. These groups include their work teams, business units or in the case of merger, their previous organisation or department. Managers need to be aware of, and skilled, in the challenges of creating a new group identity and culture with employees in newly merged or restructured enterprises (e.g. Terry, Carey & Callan, 2001; Grice et al., 2003).

It has long been suggested that the role of the manager of change should not be that of a ‘baron’ but more of a coach, a champion and an architect of change (Kanter 1991; Tichy

& Charan 1995). These are another set of capabilities that are needed by managers of large-scale change. As John Mulcahy of Suncorp Metway observed: “I am a catalyst and a driver, but I don’t replace local leadership”. It is becoming clearer that the CEO must have well-developed capabilities in being able to set the purpose and the rationale for change, sponsor it and ensure that systems actually support people to deliver quality products and service. They cannot sit back and let others run the change endeavour. As change agents and academics, we would agree. There are three things that CEO’s should not readily outsource: vision, values and change. CEO’s are the main stewards and custodians of where the organisation is going, what the organisation treasures as being important, and how the organisation gets to where it wants to be. They should not take their eyes off these three aspects.

Our CEO’s agreed about the need to be highly capable as change champions, coaches, and communicators of a vision and direction for the business. Talking about vision, Jude Munro reflected: “We must have a clear vision, live the corporate values and show everyone how their job contributes to this...The leaders of change need to provide the light on the hill and to have a shared language, as the organisational glue to help support people to get there.” However, David Hutton believes that “in establishing the vision, values and priorities, the CEO should not change the goalposts too frequently”. There is a danger “in changing the big picture directions too often as this could result in cynicism from staff and clients”. Also, David Gray of Boeing commented upon supporting the change process: “I attempt to continually encourage my people to look for change at all levels. I encourage a culture of change. In addition, I need to motivate the key managers on major change projects, and to provide the resources for change.”

Concluding comments

In summary, we suggest that you plan major change, but also plan for uncertainty. Based on the views expressed above, we would like to conclude by putting forward some guidelines that managers and leaders of change might consider as they approach their next large-scale change:

1. Large-scale change is a process and it can be viewed as a series of events that can be managed. Adopting a linear step-by-step view about change allows managers to plan and to attend to important challenges that will arise in most change processes.
2. Large-scale organisational change does not always occur as planned and probably not in an orderly, predictable and linear manner.
3. Managers need to develop capabilities in themselves and in their employees that allow them to cope with the uncertainty and complexity that is an integral part of any major change process, irrespective of how well it is managed or lead. It is this capacity that will allow organisations and people to respond to emergent opportunities.
4. Change in organisations is experienced not only at the personal level, but also at an intergroup level. The mutual dependence or interdependence between people and organisational groups is a natural setting for conflict, rivalry, distinctions about winners and losers during change, and in building important new identities.
5. Irrespective of how well organisations plan the communication of change, the accuracy and usefulness of communication will always be criticised by employees involved in a major change process. Supervisors and managers need to use multiple channels of communication to reflect the complexity of any change situation. Where it is possible, face-to-face communication should be the first choice in explaining the vision, purpose and timing of the change.
6. During change processes, the leaders of change should brief and encourage their first line supervisors to be the most visible communicators with employees. People trust communication from their immediate supervisor, before they will believe any communication from higher up.
7. The leaders of major transformation processes ignore the impact of change upon human resources at their peril. You need to focus on the humanity of change not just on the systems and structures for change.
8. When leaders do communicate, they need to speak with one voice. There is sadly, a lack of quality dialogue and cabinet solidarity at the top during change – executives often push their own agendas and create a lack of cohesion.

9. At the very time when the organisation needs to harness the best and most creative of its people, change strategies are often weighed down with bureaucratic and proscriptive approaches. Take a risk and be creative. Leaders have often realised when they adopt a trusting and 'open book' approach with all their staff, surprisingly (good!) things can happen.
10. Tolerate ambiguity and allow messiness. Remember, while a swamp may be full of mud, decay and mosquitos, it is still a sign of a healthy biosphere. Leaders of change should be a little more spontaneous and less predictable. Give more permission to your intuitive self and tolerate a few mistakes, and wrong turns and errors of judgment among your people.

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