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CHANGE WITH OR WITHOUT CRISES
A Summary of the First Sessions

by

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Summary of the meeting

Christophe Midler presents a summary of the first sessions in this series. The end of monopolies, client orientation, new services, rationalisation and technological developments are landmarks in a history where the players create their own destiny with varying degrees of ease and success.

During these periods of change people take on much more than the demands of their official duties and status. This is both gratifying - people can make their mark - and worrying: what have we got to base our identities on in a world where everything is constantly changing ?

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PRESENTATION BY CHRISTOPHE MIDLER

The reason for this summary of the first Crisis and Change sessions is not that the subject has been squeezed dry. Far from it, it can still teach us a few lessons and provide the stimulus for new theories. At the time of speaking (December 1995), the theme is still in vogue. I've co-ordinated the seminar up till now, and M. Berry will be taking over for the future sessions in 1996. This seems the right time to look back on what we've achieved so far and to ask a few questions about what remains to be done.

The method

We chose to work on 14 areas of interest, each involving an author presenting the course of transition or change in a particular context.

A relevant approach

The first question we should ask is how relevant the approach is. Can it provide an interesting new perspective, compared to more classic methods based on questionnaires, statistics and variance analysis? From my experience, I can say that the principal of working around three elements - author, change and context - allows us to understand what transition actually is and the problems it can cause for organisations; despite the obvious bias implied by this approach, we've asked some the main agents of change to come and talk about their own experiences.

Compare this approach with an observation of everyday events in our current social crisis: I'm struck by the number of banal comments various observers find it so easy to make *after* the event. Surely it makes more sense to ask the people involved in the change (government officials, union leaders and others able to bring about change) to present the reasoning behind their decisions and to describe how they perceive the range of possibilities and constraints *at the time*; this puts us in the picture right from the early stages.

The other traditional criticism of this type of approach is that it can be time-consuming for the reader: wouldn't it be better to make a short summary of the general lessons learnt from the 14 accounts ? I don't agree at all: this summary is no replacement for the sessions themselves.

Let me back this up with the example of a club of project leaders I worked with at EDF-GDF. The group's aim was to capitalise on their experience, building on their knowledge and communicating it to others. At first we asked each person to talk about his or her experience, and then over a period of a year and a half of presentations and exchanges a culture gradually started to build up regarding the art of managing innovations. In effect, the participants were able to spot similarities between quite different situations such as the modernisation of a nuclear power station and the changing of one department's computer system at the EDF, and this built up their skills. At the time it seemed like a good idea to formalise our shared ideas so that we could talk about them outside the club. However it proved a failure. The concepts and theories meant nothing when they were taken out of their original context and became banal or arguable statements.

I feel that leaving it up to the reader to find some general meaning from specific cases is not an inconvenience or an incomplete method but a prerequisite for valuable exchanges on management theory. Having come this far, I'm convinced that our method is relevant, however, we do still need to think about the way it is carried out.

How representative are the case studies ?

Approximately one third of the companies we've studied come from the private sector, a third from the public sector and a third are a mixture, in the process of privatisation. This is a fairly homogenous spread. Having said this, three-quarters of the companies are French, and we've only studied four cases of medium-sized firms, the majority being major companies.

The choice of speakers

The main agents of change in organisations have presented the transitions they've led, which means that we've seen the changes from a general perspective. For another point of view, we've also heard some opposing accounts, mainly from consultants and researchers. We've had very few of the people to whom the change was happening, who could have told us how they experienced changes that were imposed upon them but that they found themselves nonetheless drawn into.

Various types of change

There was also a wide variety of changes, from major crisis management, through decisions for changes with immediate effects, to situations where a change is planned over a long period. Our sample has told us a lot about the variety of processes and rates of change.

Learning from the past

Can we identify key factors that lead to transition? We need to put things back into perspective so that we can give some meaning to each case study. In a museum, an exhibit has a label providing information: this object dates from such and such era, this is what existed before, and this is what followed, etc. But it's more difficult to place a management case study into this sort of framework: how can we put a photo of the company into a general path of events, a management family tree, or a more global history ? How can we know if we're looking at an old survivor or a new-born ? There will be different lessons to learn depending on whether we're dealing with a survival situation, which can be interesting, or a prototype for tommorow's management. For example, a state of the art design-team for car racing may be interpreted as a relic of the automobile's days of glory, but also as the future of current design teams, since the creativity and reactivity in design is fantastic when there is competition.

The situations we've studied show the following general trends:
- The end of monopolies. Legal or technological monopolies are contested both in the private and public sectors alike. What do you do when everything's going smoothly, when you're the best, when there's no enemy on the horizon, but you know that things will change in the long term because your dominant position will disappear and be challenged by a crowd of small rivals... or Brussels!
- Listening to clients. Nearly all the cases revealed that clients' expectations are being taken into account in a decisive way. These clients, the people who give orders, have more heterogeneous demands and volatile priorities. Hence the problems of advanced and meticulous research, with a definite trend towards eliminating all kinds of inertia and bias between the producer and consumer;
- The putting into practice of new services. It used to be the reign of the "design-produce-distribute" mentality, but things are evolving towards the notion of, and the provision of "services", and of "user-friendliness" for the client. It is no longer the product itself that is being sold but the service provided by that product. The object itself is no longer the be-all and end-all of the relationship between producer and consumer ;

- The rationalisation of resources. This development is particularly sensitive in the civil service, with the large-scale introduction of efficiency measures that have already been introduced in the private sector;
- New technology, which drives change in organisations: micro-computing is shaking up the big traditional construction companies, new printing techniques are being used to print bank notes, the traditional techniques used for the written press are giving way to desk-top publishing, and so on.

The issues regarding change

The situations we've looked at have been fairly classic and general. What do they tell us about the way to implement change in these kinds of situations ? The configurations of change vary enormously between the 14 case studies, regarding both the preparation and implementation stages. I will focus on what I consider to be the 6 most important points.

Dismissing some of the generally held beliefs

These cases have enabled us to dismiss a certain number of generally-held beliefs. Here are two examples:
- we still think that the status of the civil services is incompatible with quick change: the example of the relocation of the CEREQ proves the contrary;
- that change is incompatible with strong union negotiations: Ouest France has proved for the last 20 years that is is possible to negotiate change with very powerful unions, and that no changes would have been possible without these negotiations.
Updating our common wisdom opens up new possibilities and when we talk about change, it is important to reveal the degree of freedom that is often underestimated.

Change throws new light on people

Nearly all the accounts reveal the importance of the human element in every aspect of crisis and change management. Of course, even the mere possibility of change seems to count in favour of the key agents for change. However there are also a large number of actors whose professional and personal future may be affected in some way if not completely thrown out of balance by the changes; this means we cannot imagine anyone implementing changes without considering their own interests. We therefore drop the idea of bureaucratic-style organisational transformations. This is a bitter pill for the big organisations to swallow, but I feel we only have to look around to see the effects in many different fields.

It's striking to note how the people we've met have been in precarious situations. Nearly all the actors that have talked about their experiences changed jobs after having brought about change. There is a strange phenomenon whereby there is no change without people's intimate involvement but then these people change jobs afterwards! I feel this is something we should look further into.

Preparation: from solution-selling to building a collective clear-thinking

Many of the presentations have insisted on the importance of introducing a shared intelligence on the organisation's situation before the process of change gets underway. The model of the visionary leader, where the key problem is sticking to a solution, gives way to the model of engineering understanding, vigilance and collective clear-thinking. It's a question of introducing and maintaining permanent measures that allow the largest number possible of people to know the key values of demand and the position of rivals, to appreciate their weaknesses as well as their strengths, and to keep an ear open for any little rumours that could turn into tomorrow's facts. For example, Ouest France conducted a survey of its readers, which revealed that they do not react at all as the journalists imagined - for example, they start with the back page - and this led the

newspaper to completely rethink its style and layout. Such an attitude requires a special effort, since it's very tempting to get so stuck in a routine that the organisation ignores the little danger signs that tell it it needs to change - IBM for example- and anticipate the crisis. This leads companies to introduce horizontal communication channels (between functions, as well as across the whole organisation, between the main agents and the clients or other financial actors) while the basic traditional framework holds the top and bottom together; for example, it's the end-user who is now asked to check the efficiency of EDF-GDF agents.

Transformation in real time: orchestration, responsiveness and scene-by-scene planning of the event.

Several cases have allowed us to broach the question of on-the-spot crisis management. Here too, there are various configurations, but I've identified several main approaches.

- Listening and negotiation between people, as I've already mentioned.
- Emphasising tangible and objective elements to overcome actors' subjectivity: for example, revealing the real printing time for bank notes (3 hours 8 minutes/day), announcing the closure of docks or the major market for Sulzer motors, meticulous feedback of quality performance evaluation at the RATP, etc. These tangible elements are revealed progressively as the transition occurs. This approach allows companies to communicate the path they are taking and to measure the progress.
- A particularly careful orchestration of decisive moments or events, like Sulzer's AGM that is going to condense the direction of the change and will remain a shared point of reference for the entire group of actors.

The presentations and debates have shown that it's far from easy to identify these approaches since they personify very different visions of change, from the perspectives of human science, engineering and politics.

Time and space

Transforming organisations is all very well, but where does one start? What's the best order of events ? And what about the scale and geographical limits of the deconstruction and reconstruction? What about the pace and the steps involved? The case studies have shown us the wide variety of answers to these questions, which also brings up the importance and topicality of of the theoretical waves that have been involved for some years now. Certain major companies have imagined creating a vertical structure for change, following the wishes of top management and implementing a 'declination'. The cases show that this is far from being the only vision, or the most realistic, even if it seems natural and reassuring at first.

In this way, change comes from the top in many cases, but it reaches the bottom directly like a sort of electric shock, in a way that lends credibility to the mere idea of change. In this kind of scenario, the middle levels are left out, start to complain and wonder what their purpose is. Of course they come round with a vengeance, once the management lay down the law and regain control, and only at this point do they become key players in the change.

In other cases, like the Ouest France newspaper, change is brought about by professional groups, following a logic that links technological innovation with employees' legal status.

Finally, note that in the majority of cases we've seen that the initial instigators of the process have left before its completion. Hence the utopia of a logic of 'controlling' change in aid of controlling influence. This also explains the importance of internal frameworks for capitalising on the dynamics, if only to put new people - even mangers - into the picture. Without this, the incoherent succession of drives is likely to discredit the idea of shared learning and dynamism in the eyes of those who experience them.

Commitment, learning and surprise

I'll finish by linking the management of change that we've looked at with my own studies of projects. In both cases I've found a link between the degree of responsibility and commitment on the one hand, and the knowledge and discovery on the other. This is a difficult link, since it contrasts with the well-balanced situations studied by eminent members of this group, wherin the initial commitments are not made to be binding but to channel the various energy and intelligence into explorations that generally call for the commitments to be updated. It's a strange balance which one has to believe in for it to happen, but not to the extent where it would be a huge loss if for any reason it didn't...

In this context, I feel there's one important concept that hasn't been given the attention it deserves in our sessions, and that is surprise. It's a key element in learning but also problematic in terms of the legitimacy of those who drive the changes and try to influence them. For this reason, the structure itself of our seminar was probably not ideal for exploring this notion. However, I'd like to encourage those continuing with the work to go into this area in more depth.

DEBATE

The framework for change

Participant: *People have a strong need for meaning, whether individually or in groups, but sense can only be made through the words and categories available. The problem is that there's a dirth of categories for our opinions, reduced to "government-unions", "ruling class-working class", etc.*

From a sedentary to a nomadic civilisation

I'm tempted to sum up what you've said as the move from a sedentary civilisation to a nomadic civilisation. But the nomad is also sedentary in a certain way: the speakers you've invited have succeeded because they were true nomads, i.e. stable in themselves, strong enough to move without suffering, with a diffuse but very strong feeling, of what the nomads before them weren't able to see.

The return of the Greek culture

This has made me think that we are Roman-Greeks, becoming more Greek than Roman as time goes on. In fact, the Roman civilisation was characterised by the motto "dura lex, sed lex" and it imposed this outlook on immense territories: in the words of Augustus, "the reason of the Empire is the empire of reason". The Greeks always lived in a very different world, albeit as strict as the Roman's, but there was some sort of listening and flexibility: "no excess" according to the motto inscribed on the Delphes pediment, right next to the famous motto "know thyself".

The Roman debate involved senate, appeals and order in the city; the Greek debate was divine justice and Socrates pointing out that people were more intelligent than they realised. I think that the French could be today's Greek civilisation: this way of seeing things is not completely alien to our debates in this seminar; perhaps the Ecole de Paris could be seen as the hellenization of a certain decadent Roman world?

Change from within

Participant: *The presentation seemed to miss one key point, i.e. the profound changes in the behaviour of the people we see as merely carrying out orders: in fact they are very important in bringing about the changes. What's more stable than a nuclear power station? Nothing much will change there for fifty years. But their staff has changed considerably, becoming more demanding and more independent and wanting to get more involved. It's not the clients who've led these changes, since the client is practically an unknown species in the power station, but it's the dispatching staff. The call for change has come from within.*

Participant: *I'd like to say that some workers have specialist expertise in some high-tech businesses that supply a huge anonymous client base with services that are taken for granted, like electricity. These are the true specialists who know how to solder the steel of nuclear power stations, direct cement works and get things going again after a breakdown. Their expertise may make them practically permanent fixtures but they watch the comings and goings of company directors who may make all the decisions but who are completely at a loss with a breakdown. You can understand how this sort of situation can make them to want to make demands.*

Participant: *It's true that operations in nuclear power stations are regulated by written rules and regulations. When it was a case of merely complying with the regulations without argument, the staff were clearly dissatisfied and the rate of availability only reached about 70%. Now things have evolved: of course the rules and regulations must still be strictly followed but they can be modified according to agents' suggestions, and since this has been possible, the rate of availability has reached 90%, which is fantastic. It was simply a question of getting people actively involved.*

The strength of the leader

Participant: *What you've just said implies that people who aren't in close contact with the machinery are seen as lightweights, which conjures up a typically Roman model. But they have a different strength: their skill at quickly getting to the bottom of any problems they may meet for the first time. The boss is nearly always seen as incompetent by his co-worker, but more often he or she is more skilled at subjects that the co-worker knows nothing about. You will notice that in the Sulzer case, B. Martin didn't say that he was incompetent but that he didn't know how to deal with the problem immediately.*

Participant: *We could say that he displayed his incompetence all the same, but nobody noticed because he'd previously taken a decision that had shown his ability to act effectively. He was very good at saying that people knew the job better than him, but that what it came down to was that he didn't really have any choice in the matter: he had to use his authority to come through the situation or leave (in the first phase) and then find success in a new market (in the second phase). He was lucky enough to find a new opening in China, which completely validated his approach! In other words, when change is needed, even if 85% of the change comes from the top, there is always 15% that has to come from the bottom, and it will never work unless the people at the bottom of the ladder are included.*

Participant: *One other thing should be emphasised: when B. Martin was looking for managers to implement the change, his consultant found leaders from within the company that the existing hierarchy would never have recommended. It was necessary to break away from the usual framework and dare to short-circuit the hierarchy to go in the direction of change. This proved that bosses are vulnerable because they don't know*

everything, but they can benefit from carefully listening to the people nearer to the bottom of the hierarchy. If a climate of trust is created, there will no longer be any opposition when the hierarchy needs to be put slightly to one side.

Participant: *After the events of 1968, a lot of companies made an effort to train managers in group leadership, listening skills, and applied psychology and for many this was a shock that people still talk about today. We soon learnt that we'd fail if we didn't take the people into consideration. The real problem with change is appropriation, which means that each person, regardless of his or her status and role in the company, has to feel a personal involvement in some group activity. It's the manager's role to promote a feeling of belonging among his or her subordinates.*

Some characteristics of change

Participant: Is it really possible to innovate with a certain structure, or do the current structures tend to prevent modernisation?

Strategy and structure

The classic debate on strategy and structure leaves me a little confused, firstly because I'm wary about the notion of modernity: all managers who undertake change pass themselves off as instigators of modernity as opposed to something from the past, but in practice they build the notion of modernity on a paradigm shift. They need to break the old paradigm. The supporters of the old logic have to be separated from supporters of the new one, because there'll clearly be reliance on potential actors already in the company that have previously been considered marginal to a certain extent. This also implies challenging the old hierarchies. Indeed, is it possible for someone who introduced and justified a paradigm to completely abandon what he or she has done for years? Nothing is less certain! It will be necessary to promote people who support a new logic, at the risk of creating internal conflict, and to make their new status clear so that they are properly recognised and respected.

A question of people

Participant: *When we talk about innovation and change, we should never lose sight of the fact that people basically see change as new attitudes and behaviour. In the end, all change challenges values. It's not surprising that there is so much debate on business ethics in an age where companies are attempting to radically redefine their activities and organisation. Such changes also pose the problem of learning in organisations. If companies are going to innovate and change, they have to accept creative marginality or people going against the grain. They have to encourage creative learning, not the simple transmission of acquired knowledge.*

Listening: divided opinions

Participant: *One of the characteristics of the cases studies is the notion of respect for people and recognising their dignity and the importance of listening to them. But it's not easy to listen to subordinates when for years you've been used to listening only to your superiors! And yet a change is all the more succesful when we speak to people as human beings as opposed to as masses or roles. This can be very time-consuming, but it's the price to pay for achieving a satisfactory result.*
However, it's difficult to imagine applying these principles when they concern, for example, railway drivers at the SNCF, who are too numerous to make the approach realistic. This is where the choices for cascading take on their full importance. In a

large group, it's more convenient to attack the weakest point first, then to enlarge the circle. Ouest France started by the keyboard operators, then the typists, and then the journalists: you can't do everthing all at once!

Participant: *Let's look at the case of the Banque de France. When we got there, people actively listened and expressed themselves. Then the situation broke down. Why? Quite simply because no-one really believed in what was being said and there were no signs of a shared management vision. Listening isn't the answer to everything, and it's no good thinking that it's all you have to do for something useful to suddenly happen; it's idealistic to believe that the boss is going to go round listening to everyone. Of course he or she can delegate, but I tend to think that delegates are the weak link in change strategies. They can only play an effective role if they genuinely share the change values, something that can take a lot of work, and if they then play the role of mandarins following orders to bring about change; but there is a risk of things falling flat with over-institutionalising, when change relies more on a shared dynamism.*

Participant: *The Ecole de Paris often highlights trends: isn't listening one of them? Doesn't it sometimes hinder progress, as we've seen with the failure of quality circles, where after taking the time to listen, people schedule the next meeting to listen again and the whole process can take a long time. Having said this, there are some extremely sophisticated systems that enable even very large groups to listen to individuals and obtain semi-qualitative results. Managers don't generally attach much importance to listening, because they see it as a release valve where everyone get things off their chest before they can have any peace and quiet!*

From nomadic to sedentary

Participant: *When we talk about nomads, we think of desert people, who don't seem to be real. As a clinician, I know that people who want to change and confront change are generally forced to by extreme personal hardship. This leads them to embark on therapy which isn't necessarily going to be a success. In today's society, we're seeing the limits of what people can take during change, since there's so much insecurity that people's identities are being put to the test.*

Participant: *When an entity, tribe or group evolves, nomadism works at first without the insecurity of written rules. And then the group gradually organises itself, writing rules and norms; it becomes bureaucratic and the system solidifies with the introduction of status. How can you get a company going when it's caught up in people's status? Probably not by attacking status head-on. Perhaps by having the courage or perspicacity to perform one significant act that will somehow start the ball rolling; but you can't get the act wrong: it has to be completely coherent with the desired theory of change, otherwise people's trust may be destroyed in a lasting way. And in certain cases, rushing is likely to hinder any form of listening and respect, which is hardly any better! This is the issue at stake with change.*

Participant: *We can see that successful changes are based on stable organisational elements and challenge certain practices or myths considered to be out-of-date. Companies that radically challenge their real or symbolic foundations are acting too violently and often merely create more violence.*
As for nomadism, it still exists, i.e. there isn't a permanent sedentary style everywhere. Perhaps this is simply because nomadism is the only way to survive when vital resources dry up and you have to find others. This means that in certain circumstances there's no choice and change is inevitable.

Participant: *The army seems to me to be the oldest organisation and it's also the place where technologies meet the dogmatic inspiration of the supreme leader. Notice that the officer who has reached the grade of high command is called a general because he isn't a specialist. But technology is so influential that there are still generals in the army, the navy and the air force. Above them is the marshal, who has given orders and defeated the enemy. In today's society, we have our own marshals, for exmple there's Raymond Lévy in the car industry. One day, a journalist asked him how the fact of having spent nine tenths of his career in the petrolium industry and the other tenth in the steel industy had prepared him for becoming a car manufacturer. He replied, "What's a car? Petrol in steel!" Having said this, he took on the company with 8000 million in losses and turned it into 6000 million profits, and we came to the conclusion that he knew what he was doing! These marshals are the governments' peace of mind, and we can mention others: Michel Bon, Le Floch-Prigent and Christian Blanc, who have all been called on to save situations without having had specialised skills.*
But their way of changing things might introduce a new sedentary style, a precedent creating unease. It's the ambiguity of the mission they are given: we leave it up to them to bring back order, which is not the same as producing a rational movement.

The motors of change

Participant: *Change can occur at different levels, not just at top management level. I've observed some more local changes - which are also important to analyse - , and where technology triggered the change in every case. When I studied organisational changes in the car industry, I saw that they were a reaction to automation; the printing process for bank notes at the Banque de France was a reaction to the automation of printing; and the procedural innovations at Rhône-Poulenc were also led by technology. Of course, as I'm an engineer, people said that it was to be expected for me to see this constant. But I'm not saying that the technology is changing, just that technological changes play a crucial role in transforming other aspsects of the organisation, like autonomy at work, polyvalency, the flattening of the hierarchy, training, and so on. These transformations would surely not have come about, in a dominant and pain-free way, if there hadn't been these technological changes.*

Participant: *Technology is not the only key factor in change, even if it is certainly a powerful driver. Remeber the case of the Funeral Parlour undertakers: where's the technology in that? It's not just technology that triggers the deep changes we've studies, but other key factors: institutional, socio-economic, cultural and religious factors, for example. From miscellaneous phenomena emerge changes that are difficult to conceptualise at a first glance. I accept that the Greek culture is not just about matter and technology. If you want to change and innovate you also have to create new concepts and in change management luck, grace or providence can also play a role.*

Permanent change: a disaster or security ?

Participant: *The problem today is permant change and it's by listening to everyone, in everyday innovation and creativity that it's possible to lead teams in a context of permanent nomadism. We've talked about transgression, but as we're constantly innovating, we should be in permanent transgression. As for the rest, the notion itself of transgression should be unfounded: rules have become flexible in the modern organisation.*

Participant: *Permanent change infers permanent learning. The classical example of learning is learning to ride a bicycle. At first you hesitate and fall, but once you've learnt how to stay on, you can enjoy cycling for the rest of your life! It's the same in company organisation, when a routine has been successfully introduced it's made the most of, i.e. people will be quick to put it into practice and will soon manage it without the slightest hitch. But on the other hand, in a context of permanent learning, people change constantly and make perpetual discoveries, which is a disaster in economic terms. There's an antinomy between exploitation and exploration, and you have to maintain a balance between the two, which isn't an easy task.*

Participant: *When change occurs in the company, the durability of the convergence of efforts is threatened, mainly if the rationale of the different actor is different. The balance is challenged and organisations must manage to link the dynamics of reaction and anticipation with the dynamics of stability. Otherwise they could suffer an outright loss of synergy, which is fatal in the heat of a crisis. After all, the aim of any organisation is to continually make the bottom line. This is it's "raison d'être", which I feel has been somewhat neglected in our debate.*