Organizational Sustainability in Chaotic Times

SECTION 1: Six Circle Model

Fundamentally, the findings of Malcom Gladwell, (The Tipping Point), challenge many of our preconceived notions of how change occurs:

<table>
<thead>
<tr>
<th>System Understandings From The Tipping Point</th>
<th>Our Prior Understandings About Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small numbers of people behaving differently quickly spreads to the majority of people changing behavior</td>
<td>You need to get everybody agreeing and changing together</td>
</tr>
<tr>
<td>A tiny percentage of the people are needed to actually cause an epidemic</td>
<td>You need 80-90% of people buying into an idea otherwise it will be blocked or sabotaged.</td>
</tr>
<tr>
<td>Changes occur in a hurry</td>
<td>It takes 3-5 years for change to occur</td>
</tr>
<tr>
<td>Changes happen at the &quot;edges of systems&quot;</td>
<td>Central leadership must be the originators of change initiatives</td>
</tr>
<tr>
<td>little changes can have huge impacts</td>
<td>You need to focus on the big problems and challenges to transform systems</td>
</tr>
</tbody>
</table>

Six Circle Model

One of the most powerful and simple whole system models to use is the Six Circle Model. It was originally developed by Margaret Wheatley and modified by Tim Dalmau and Richard Knowles. When Wheatley (1992) observed change processes within organizations she realized that most organizations approach change by addressing issues in one or more of the top three circles – structure, process or pattern. The “hallucination” was that if you changed the structure of the organization – assigned people to have primary responsibility for a key initiative – the organization would then respond to change. Additionally, the thinking was that if you designed explicit processes that detailed out every step of a change process, people would willingly respond and create the desired change. Or, if the organization developed a detailed long-term strategic plan that itemized out every goal, objective and action step, surely the change would occur. Even though organizations were changing structures, people, processes and plans, positive change was not happening often enough.

In studying change initiatives, Wheatley and others observed that other processes were occurring underneath the top three circles that were critical ingredients to organizational success. These ingredients have to do with information, relationships and identity.
Many organizations have been providing abundant information to their employees for years and receiving feedback that people are drowning in too much information. In this model, it is about creating access to information that is important, rather than actually providing it. When people can access the information they need, and the system creates processes between people where information is open and honest, significant change begins to happen.

**Access to information** greatly minimizes the negative rumors that occur inside organizations and systems. Information is like oxygen - when people don't have enough they fall asleep, hallucinate and eventually die. When information is abundant, rumors decrease, people focus on what is important, have greater security in knowing what is actually going on in the organization and people get more creative in their ideas, strategies and solutions.

**Relationship** is the second critical area of focus "below the green line" of arrows. People need to have open relationships with the people they work with and trusted relationships that lead to commitment and powerful work getting done. Relationship not only occurs between people, but between programs, departments and organizations (connections). So relationships are equally important in terms of connecting up the work of the system. The third interconnected area in this model is about identity. Human beings are meaning-seekers. Our actions are completely driven by our own set of values, beliefs and sense of **identity**. Equally, finding meaning and value in their work primarily motivates people working together in organizations. Organizations that provide abundant opportunities for people to find meaning around their individual and collective work demonstrate significantly improved results. This was demonstrated in the work by Irv Yalom where he showed that a sense of caring and meaning in organizations is positively and directly correlated to organizational performance.

In the Six Circle Model all six circles are important to creating organizational success. In the past the greatest amount of explicit attention has been focused on the top three circles. Working within a whole
systems framework allows us to see the critical and interdependent impacts of people as reflected by the bottom three circles. Groups of people who establish a culture that values the work "below the green line" can self-organize to identify and implement the above the green line strategies and the infrastructure to achieve powerful and creative results. This has been overwhelmingly supported by Jim Collin's research in Good to Great. All of the successful organizations identified in his research created a powerful focus to their work which Collins named a Hedgehog Strategy. This strategy is the result of intense and long-term conversations across an organization that embraces hard discussions about difficult internal and external realities. The ultimate Hedgehog Strategy reflects the synthesis of three interconnected areas of discussion:

- What can we be the best at in the world?
- What are we passionate about?
- How can we measure our economic engine?

Essentially these are all "below the green line" conversations. The intersection of the answers to these questions begins to take form in above the green line strategies, processes and actions.
SECTION 2: Implications for Organizations and Leaders

As you begin to apply understandings about complexity into the operations of organizations, significant tensions and paradoxes arise for most leaders and managers. What is the balance between control, planning and emergence? Ralph Stacey (1992) provides us with a way out of this dilemma. Stacey talks of three different types of change - closed change, contained change and open-ended change. He suggests that closed change involves those situations where everyone agrees what happened, why it happened, what the consequences were, and how such a sequence of events and actions are likely to affect the future course of business. Contained Change covers those situations where we are able to say only what probably happened, why it probably happened, and what its probable consequences are. Open-ended change covers those sequences of events and actions arising from the past and continuing to affect the future for which no explanation commands anything like widespread acceptance by those involved.

Stacey goes on to suggest that in situations of closed or contained change the consequences of any change are predictable - there is a clear link between cause and effect, albeit to different degrees. Control therefore in these situations can be exerted through planning or ideology, both of which require such predictability.

These forms of control by executives are appropriate for the short-term aspects of a business dominated by situations of contained or closed change. This is the domain of operational, top-down management. In these instances Stacey suggests that we identify very clearly those things which are routine, repetitive, known and agreed, and critical to short-term success. He argues that you can control these things and that you should do so.
Stacey goes on to suggest that for situations of open-ended change (in which organizations have to continually innovate, discern and respond to ambiguous and unclear forces), then complex learning systems and political interaction (Learning Communities) are the only forms of control capable of operating in this domain. In situations of open-ended change, executive management exerts its influence by operating on the boundary, setting context, defining meaning, determining whether and how learning will occur, how widespread that learning will be, and how reflective and deep it will go. These boundary conditions, of course have to do with the manner in which power is used inside an organization, the group dynamics that it provokes, the culture of the organization, and the external and time pressures that it faces.

Conventional thinking would say that management is a negative-feedback activity setting a strategic aim and moving the company toward it by correcting deviations from plan. Under complexity the picture is more complicated. The conventional theory is right for day-to-day activities - routine order processing or manufacture of standard parts. But for creative activities like long-term strategy setting, it is dangerously misguided. Indeed, one of the key messages from Ralph Stacey (1992) is not to confuse the requirements for top down control and good management of day-to-day and immediate routine processes with the essentially unknowable characteristics of a complex system in which arise the long-term challenges facing today's modern corporation.

The distant outcome of actions can't be plotted in complex systems, because the structure of the system makes the future unknowable. The corollary is that viable strategy is not something that is the result of prior intent by a leader with foresight. Rather, it emerges from the multiple possibilities thrown up by messy group dynamics and politics in organizations in collision with the environment. Stacey (2002) says managers should think of themselves as gardeners rather than executives - "instead of intending it they must let it happen."

Some consultants and writers suggest that strongly shared cultures and values are essential to steer an organization or group into the future. Again, this is good for honing standard routines, stable process and short-term problems. Indeed, Stacey suggests it is mandatory. But in dynamic conditions where the future consists of multiple shifting agendas, a monolithic top management will likely fail to generate the creativity to give the company adequate options ahead. For this, diversity of opinion and approach is needed to fight consensus. Straight-ahead thinking untested by different visions may be one of the most important contributory factors to the fall from grace of so many once "excellent" firms over the past turbulent decade.

Because the environment of a complex system is made up of other complex systems all competing for resources, the dynamic between them is constantly changing in a non-linear fashion. In fact, both competition and co-operation are at work simultaneously, leading not just to evolution but to co-evolution. This is true of companies and industries as it is of species in nature.
SECTION 3: The Role of Crisis

A key question in organization development is: "How can we know if an Organization is ready to change?" The answer is that we cannot know (though intuition may often be a reliable guide) but there are some key variables that have a significant effect on readiness and ability to change. Basically, crisis can create both a sense of urgency and can create the necessary leverage and disturbance for change.

If there is too much stability in the system change is unlikely; if there is too much randomness the system will not be able to form any coherent patterns. Kaufmann (1995) suggests there are three variables that are significant in moving systems to the edge of chaos: connectivity, diversity and information flow. Basically, stable systems can move towards the edge of chaos if their agents become better connected, if there is more diversity (either in the agents themselves or in the nature of the relationships between them), and if the amount of information transferred is increased. Conversely, an unstable system, one with too much randomness, needs to reduce some or all of these variables. Thus you need to ensure that relationships with key stakeholders and those affected peripherally by your project are maintained. It suggests that you need diverse and multiple people involved with your project and finally that systems need to be in place to foster very high volumes of relevant information flow. Stacey (1996) argues that in human systems two other variables are also significant: level of contained anxiety and the power differentials in the system. If the anxiety in an organization is too contained there will be no possibility of change or creativity; if there is too much anxiety around there will be a tendency for 'headless chicken' behavior or else for the building of spurious and unhelpful defenses. In other words, a sustainable project or a one in which there are mechanisms in place to help those involved managed and assimilate the changes so that their anxiety levels do not get too high.

Similarly, if there is too much control in the form of high power differentials between different parts of the organization, creativity and readiness for change are likely to be stifled. Alternatively, if the control mechanisms are too weak the system can dissolve into chaotic or random behavior.

Within the context of stability, level of anxiety and level of control, we also know that crisis is an essential stimulus for powerful organizational change and transformation. This can be experienced at the level of individual, team or whole organization. Crisis operates at the level of disturbing and violating value and clusters of core values (identity). In crisis, people often shift from a level of individual identification to a higher level of identification that can be shared by multiple people. This is often seen when the survival of a whole organization or community is threatened. People put aside their differences to work for a higher common goal and purpose of saving the organization.

One of the true challenges is how to understand these underlying dynamics of crisis in constructive ways that can lead to building greater organizational adaptability and responsiveness.
The Real Intention of Sustainability

No matter what the level of scale involved; the work of the system which seeks sustainability or the Change agent who seeks it, must be able to assure adaptability and resilience of the system rather than sustaining a particular Change in itself. Each particular Change becomes a vehicle for building in more learning and adaptability. Too often people focus on sustainability as sustaining a particular project or gram rather than creating the conditions in which any new disturbance can become an opportunity for change, growth and adaptation. One of the major outcomes for any facilitative intervention needs to be embedding processes, structures and capacity that enhance organizational adaptability and resilience while simultaneously achieving the tangible outcomes in the shorter-term.

The Places of Values

No matter what the level of scale under consideration, the vast majority of the literature on sustainability (ecological, human, and change initiative related) clearly locates great importance to the place and function of shared values. The work of Jim Collins in Built to Last and Good To Great makes this same point but from a different perspective. Indeed, the Collins work suggests that those companies who have found a way to become great have also found their way to define, share and have their people buy into a single unifying idea and associated set of values and principles. It is in this context then, that reinforcing and nourishing the culture of the organization and its concomitant values becomes a critical aspect of engendering sustainability. This will not occur unless there are institutionalized processes that foster reflection and complex learning, supported and modeled by leaders as agents of sustainability.

Focus On Building People

Fundamentally, the most important principle of sustainability has to do with valuing, involving, connecting and building the capacity of the people within the organization. It always comes down to the simple truth that people are the most important resource and element of any organization. All of the other sustainability principles are directly or indirectly involved in creating the most optimum set of conditions (bowl) for people to mobilize and organize in ways that create powerful results for teams, organizations, systems and communities. This principle focuses on how the organization formally and informally goes about building the capacity of people to work in the turbulent work environments of today’s organizations.

Laiken (2003) suggests that in real organizational learning environments, the central context for knowledge enhancement and skill development shifts from the formal environment of classroom training, to the more informal learning environment of the workplace itself. Here, the teachers are colleagues and
managers who are engaged with each other in "action learning". Here, coaching or extracting the learning from the immediate work challenges is a value added activity.

Although some tasks clearly require training prior to engagement, much of the on-going learning occurs in the moment, as people proceed through an individual or team cycle of action-reflection-action. Professional Learning Communities and Communities of Practice are prime examples of this principle institutionalized into practice.

In organizations focused on building people, they recognize the fact that, despite their positive intentions, skills in confronting conflict directly are not commonplace among employees. They therefore provide specific training in the interpersonal skills of: active listening; giving and receiving feedback; engaging in dialogue versus debate, which involves both advocacy and inquiry; problem-solving issues which are resolvable; and holding differences when the problem represents a polarity to manage (Johnson, 1992). This is why there is a strong focus on the skills and tools presented in this program.