



Change by design | The Xpragmatic View



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There are numerous examples of organisations that succeeded transforming their business model to a new or higher level of success after being forced by external conditions to adjust their existing organisational structure. Knowing this, is there a viable approach that allows us to uncover this hidden potential?

In the present Xpragmatic View, we continue our analysis of trends and forecasts for the coming year. At least, to some extent. Indeed, the January edition of the [Harvard Business Review](#) gave us another list of "breakthrough ideas" for the coming year that is worthwhile to examine.

In general, I do think that people should run for the exit as soon as they hear the word "breakthrough". However, in this case, there is less hype and more serious thinking involved. Indeed, the HBR list of breakthrough ideas is not a regular list of new trends, products or technologies, as you will find in other literature. Instead, it is a very heterogeneous list of ideas and concepts that might be worthwhile exploring more in detail during the coming year(s).

In this View, we start exploring one specific item of this list. It is not the most revolutionary one; it is even a very straightforward idea. Nevertheless, converting this basic concept into a viable business approach will be quite a challenge.

Specifically, we will elaborate on the theme "The Strategy is the Structure" written by A. Slywotzky, managing director of Mercer Management Consulting, and D. Nadler, CEO and chairman of Mercer Delta Organizational Consulting.

One remark. What we present here are only the very first steps of a more in-depth analysis of this theme. We do like the concept and the potential might be huge. Yet, at this stage, we ourselves have only part of the answers. Therefore: to be continued.

The potential

The basic concept described by Slywotzky and Nadler directly results from the observation that organisations are often able to grow and to be successful in innovative ways, after being forced to adjust their organisational structure for "some other reason". These reasons can be both external (deregulation, mergers and acquisitions...) and internal (layoffs, dramatic cost-cutting, opening of new markets, change of business model...)

Whatever the initial trigger, these fundamental changes somehow open the door to previously unknown opportunities. In some cases, these new opportunities require even little action, but are a natural outgrowth of the new organisational structure that was implemented. Yet, they all have in common that they were unknown and not planned for at the moment the organisational change was implemented.

Personally, I am convinced that the observations of Slywotzky and Nadler are correct. If we all have a look at our own business environment, we will certainly identify similar situations. Moreover, our own private life is likely to be a good example of creating new opportunities and happiness after being "forced" to change by whatever event or external influence.

So, this is all good news. However, can you provoke such positive evolution at will? How do you

identify the correct changes that will trigger this positive evolution?

Now, this is certainly a trickier thing. We all know that there is no guarantee that every type of organisational change will always spawn success. Also the dinosaurs disappeared after some kind of "external change".

In a normal business environment, change is perhaps an unwanted, yet a much more stable element. Required actions are the direct outcome of objectives, vision and strategy. In some cases, the organisational structure will not be aligned with these required actions. In such case, change management will smooth the transition process of moving towards the new "correct" organisational structure. At least, that's the theory.

However, these types of organisational change always have a well-known purpose or target. In the concept of Slywotzky and Nadler, this is quite different. Here, you implement change hoping to trigger innovation and improvement, without any real linkage with existing strategic objectives, etc.

According to Slywotzky and Nadler, such organisational change must run in parallel with the "standard" strategy execution, allowing both approaches to interfere with each other. "Concurrent enterprise design" is the name they gave to this concept.

Whether this name and the associated acronym will make it in the business literature is not that important. Much more important is the question whether this concept can be implemented in a secure way: in a way that it delivers its potential value, while limiting the risk.

Now, that seems quite a challenge. Given the fact that, by definition, this hidden potential is yet unknown, we are looking for a way to steer the vessel, without knowing where the harbour is.

An impossible challenge? Might be. Certainly, it is an interesting one. Therefore, in the remainder of this View, we will start exploring the first few elements of a possible approach. More of this will follow in later editions.

The theoretical approach

At first sight, we might be able to achieve a similar result while handling all of this in a purely theoretical way. You put an heterogeneous group of employees into a meeting room, you ask them to focus on a specific part of the organisation and the business processes that are managed by that organisation and you ask them to "uncover" what things might happen when you overhaul the organisational structure, one way or another.

This is a very useful exercise and organisations should make it part of their "normal" strategic exercises. However, it is unlikely that such approach is sufficient to uncover the hidden potential that is untapped after real organisational change occurs. Therefore, a certain level of realistic experimentation will have to occur.

External focus

Another reason why such theoretical approach is likely to fail is the need for external focus. What do we mean that this?

The potential opportunities we are looking for are unknown. In addition, we are looking for something "big". Indeed, the complexity and the risk associated with our experimental change approach are important. Therefore, we are not looking for small incremental improvement, but for the more serious stuff.

In addition, we do expect that today's organisations have a fair amount of understanding of their own business environment, especially for the part that they are really in control off. However, as soon as this level of control diminishes, it is likely that the level of understanding will weaken. Hence, the ability to uncover new opportunities will be reduced and often biased.

Therefore, we are convinced that the bulk of the hidden opportunities reside outside the current control range of an organisation. In other words, we are talking about opportunities that incorporate a high degree of involvement of "other parties".

Therefore, we will have to focus on organisational change that introduces fundamental changes in the existing business processes that link the organisation to its partners, suppliers and customers.

The beast inside

Finally, at least for the current View, there will not be a "one size fits all" approach available. Every organisation has its own level of agility and risk-averseness. Organisations must not engage in a "concurrent enterprise design" approach in a way that mandates another degree of agility or readiness to take risk.

The more conservative or prudent organisation is likely to achieve a more modest result. However, there is no other way. Even in this type of experimental change, we must not forget about the right sequence of events: first readiness, then change.

So, this is the end of the current View. These couple of ideas do not yet give you a clue on how to proceed, so stay tuned. In the next edition, more of this. Reactions are of course always welcome.


Have fun!

About the author



Marc Buyens is analyst, management consultant and owner of Xpragma. Marc started Xpragma in 1999 after a 20+ years career in the IT sector. Today, he provides advice, training and mentoring services focusing on the intersection of technological evolution, organisational change and business strategy: a messy world of unfulfilled promises.

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