Capital Markets Consulting

Organisational Trajectory

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Introduction

Why do Organizational Transformation Programmes, that have been meticulously designed and implemented, fail to deliver the long term benefits that were anticipated?

This is a question that is obviously asked by organizations themselves when the promised benefits fail to appear, but is also now being asked by Organizations thinking of embarking on a potentially disruptive transformation. As the lessons learnt from other's failures is a far cheaper and less painful than risking your own neck, in this paper we will address the perils of ignoring the momentum your organization has built up, or it's Organizational Trajectory.

An organization may have been in existence for a few years, it might have traded for decades, or there are even a few that have lasted centuries. Because of that they have developed a certain way of working, with unique values, behaviors and long term aspirations. They may have regularly updated their strategy over time, but usually that has been an adjustment rather than transformation, and their general direction, or its trajectory, always remains more or less constant, and its people get used to that.

So the trajectory of the organization becomes set, and whilst there is no formal basis for this, there will exist a sense of 'that's how it's done here'. The key to successfully managing any transformation activity is the ability to control that trajectory, and undertake an exercise in achieving what successful organizations have known for some time; to really understand what you do well and build from that foundation.

Organizational Transformation exercises have a high failure rate, and those that do succeed in delivering change rarely leave an organization that is comfortable in its new skin. A key objective then, should be to have an organization that not only mirrors its Operating Model, but will continue to reflect that model as it is developed and enhanced.

So let's look at the potential paths to failure.

Trail-blazing

Transformation activity needs to be planned and co-ordinated, and the pace of that change very much depends on the ability of the organization to adapt to the new structures, processes, and templates. Some organizations can switch overnight, whilst some take years. The important thing is to understand the organization's ability to absorb change, or their organizational agility. Trail-blazing can occur at any level, from individual to the whole organization, but it happens when change is being pushed too far, too quickly and is out step with the ability of the organization to institutionalize that change.
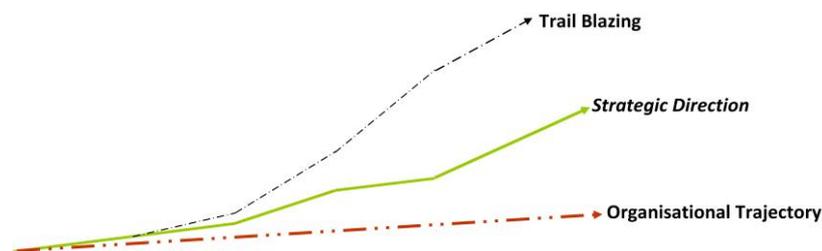
But isn't Trail-blazing good? Isn't that what we want? Isn't that what we pay the new CEO / Consulting Firm / Transformation Programme Manager to do? Isn't setting the bar high, pushing the envelope or working to a stretch target (whatever the current buzz words may be!) the way to do it? No it isn't, and here's why. Trail-blazers are like a novice pace setter in a track race, and who set out too quickly- the chasing pack are generally more experienced, and have a good understanding of how fast they can go. They may follow at a higher pace for a while, but then slow back to their preferred speed. Very soon the pace setter becomes isolated and gives up without having any affect on the overall pace of the race.

So the same holds for transformation activity. Picking up the pace of change is fine, as long as the connection to the existing organizational trajectory is maintained. Failure invariably follows once the rate of change between the strategy and the trajectory becomes too great for the organization to absorb.

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Entrenched

Organizational Transformation is not just a paper exercise to update processes and training; it really is a people journey. It's very easy to say 'Our people are our best assets', but if those assets are ignored, or neglected, during a change programme then they will not move far from the norm.

Transformation is without doubt a stressful time for many people; it brings them uncertainty and confusion. In times of stress like this it can be easier, and probably perceived by some individuals to be safer, to work in the same way that 'seemed to be good enough before', and stick to the existing Organizational Trajectory.
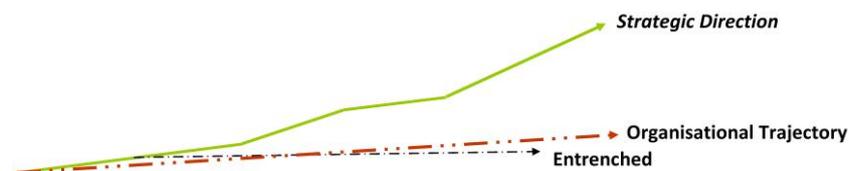

Many change programmes successfully develop a new Operating Model of sorts, but that is just the blueprint, the theory. Physically motivating people to work in line with that theory, to stop them reverting back to their position of comfort when the going gets tough, is key to successful transformation.

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Rebellion

Taking the wrong direction can either be deliberate, or just through confusion, and the remedies are quite different.
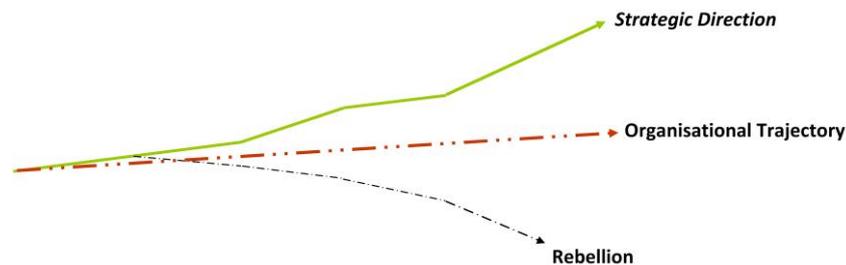
Organizational confusion is similar to entrenchment, but instead of sticking to the old path, they go 'freestyle' with the misapprehension that they are somehow correct. In a way this is like W Edward Deming's assertion that quality failure is predominantly a failure of the process rather than the person. As he said, "It is not enough to do your best; you must know what to do, and then do your best." So the solution for confusion follows the same path as entrenchment, with the aim of institutionalizing the changes.

Deliberate rebellion however, or working against the implementation of business change, usually indicates a lack of confidence in the new Operating Model, and a pent-up frustration with the status quo. This could be an 'I know better', or 'I've seen it before' attitude, but rather than entrenching they take the opportunity to do it their own way.

The benefit of discovering a Rebel is that it indicates that they have a passion for their area, and that enthusiasm (albeit misguided) can be harnessed through change teams, process champions, and other control forums that should be established as part of any transformation.

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Aligned

The aim of the Business Transformation activity is therefore ALIGNED.

Any transformation programme must assess the ability of the organization to absorb change, and to do that it must understand how quickly, and by how far, it can move from the existing Organizational Trajectory.
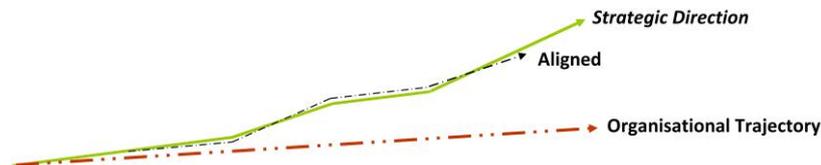
Whilst the leadership may want to push an 'aggressive' Strategic direction, a realistic approach will need to accept that when crossing a fast moving river you can either use the current to help you, or drown trying to swim against it!

Unfortunately, but not surprisingly, there isn't a magic formula that can be used to assess the Organizational Trajectory, and each situation will be unique. It may be the organization makes all the right noises for a huge propensity to change, but turns out to be the worst example of Entrenchment you'll ever find, or one that looks like a Rebellion is on the cards but quickly grasps the new strategy and uses that explosive power to deliver fast effective change.

So if trying to understand the under-current is so hard to do, how can the Strategic Direction be set? The answer lies in not trying to rigidly define the direction at the start, but in the ability to effectively monitor, review and adapt the approach. That is only possible when tied into a flexible Operating Model.

An Operating Model should be seen as a blueprint for the organization, and as with a construction blueprint it is possible at any time in the build to assess the current state against what it should look like.

But a well defined Operating Model though is not just a flat picture. It also encapsulates everything the organization does, and how it does it. So to continue the construction analogy, it would include the processes necessary to build the property, the regulations that must be followed, who is responsible for each job, and even who externally you need to deal with. But importantly in this situation it would also define how the build was controlled, and what information is needed for that control to be effective.

If we now refer back at Organizational Trajectory, we can apply the controls that an Operating Model brings to assess how well a transformation is progressing. By comparing the anticipated changes set by the Strategic Direction against the organizational behaviours being exhibited, any adverse aspect of the transformation can be adapted. So a predominantly Entrenched position may require the pace to be slowed, training to be increased or communications to be more specifically targeted. If the organization appears to be Trail-blazing then the pace of change generally could be increased to match the increased appetite, or there could be a targeted cooling of individuals to allow the organization as a whole time to adapt. And finally, potential Rebellions can be exploited to help generate new ideas and renewed enthusiasm, by bringing the rebels into the programme.

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Summary

So in conclusion, understanding Organizational Trajectory and how Trail-blazing, Entrenchment, or Rebellion affects an organization's ability to change is vital to ensuring that the projected benefits of a Transformation Programme are achieved.
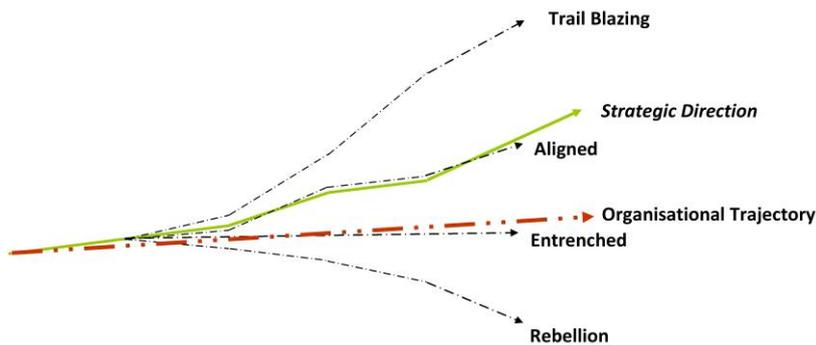
By having a well structured Operating Model framework in place, any deviation from the Strategic Direction can be assessed, resulting in corrections to align it better with the Organizational Trajectory, or targeted activity to influence that trajectory.

The end result is a high maturity organization, where the lessons learnt will be for others to copy, and not to avoid.

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Contact Us

Capital Markets Consulting (London) Ltd
5 Old Bailey
London
EC4M 7BM

Tel: 0203 432 2195

Web: www.cmc-europe.com

Email: info@cmc-europe.com

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