CaseStudy: Smart Change

Why Change Is Still So Difficult For Us

OrgIQ
passion for people builds systems for success

Author:	Danilo Assmann
Status:	released
Version:	1.0.0 (build 116)
Date:	2024-05-15
Copyright:	© 2024. This work is openly licensed via CC 4.0 BY SA

OrgIQ Manifest: Passion for People builds Systems for Success

Welcome to OrgIQ, where we are pioneering the future of organizational development by aligning business practices with the core of human essence. At the heart of our approach lies a profound belief in the power of harmonizing organizational structures with the natural dynamics of human relationships, psychology, and social interactions. We champion an environment where acceptance, relationships, and purpose are valued above traditional metrics of attention, coercion, and management.

Our manifesto is not just a set of ideals but a reflection of our lived experiences and successes. We have witnessed the transformative impact of fostering genuine connections, embracing individuality, and leading with purpose. OrgIQ is committed to sharing these insights, offering strategies that promote a culture of inclusivity, respect, and mutual understanding.

OrgIQ is not a new methodology; it's a small shift in perspective, with a huge impact. It's a movement towards creating workplaces where people feel truly valued and organizations achieve sustainable success by being profoundly human.

Join us on this journey to redefine organizational excellence, where every individual is seen, heard, and appreciated, and where companies thrive by embracing the true potential of their people. Welcome to OrgIQ.

Content

A Short Story

It happened in 2023/2024, which is to say, today—not 50 years ago. Even then, it would have been odd, but more understandable. To protect everyone involved, I'll anonymize the story, though perhaps it's unnecessary since this type of scenario unfolds numerous times each year.

We're looking at a global corporation with over 500,000 employees. We also have one of the top ten largest and most prominent consulting firms at our disposal. Then, there's a budget exceeding €5 million. (Yes, it was likely much larger, but the €5 million figure will come in handy later.)

The task at hand, to put it simply, was to transition from PRINCE2 project management to SCRUM. The specific details are less important since we see thousands of these projects every year, and the outcomes are typically similar.

A tremendous amount of paperwork was generated. Countless meetings were held to engage all stakeholders. New processes were defined, and thousands of questions were addressed.

Then came the roll-out. By this time, unfortunately, the budget had been exhausted, prompting the consulting firm to withdraw early.

Yes, the roll-out was intended as a 'Big Bang.' And yes, it was a disaster. Critical issues had been overlooked, but more significantly, the people were unprepared and untrained for the new processes. Moreover, they were not ready to take the initiative and shape the project. After all, empowerment to manage various tasks independently is a crucial aspect of SCRUM, but that too requires learning.

This is, of course, a very brief overview that doesn't fully do justice to the time and effort invested. However, even consultants sometimes need advice. So, we'll maintain this high-level overview to better identify the blind spots.

Before delving into the analysis and resolution, I don't mean to suggest that the work was poor. It was merely incomplete. That's where the OrgIQ framework comes in. We don't discard the old; we simply recognize that there are blind spots that also need attention. So, what follows are minor corrections, but more importantly, an emphasis on "this is also necessary" to ensure the next change is more successful.

The Lessons

In our analysis, we rely on the concepts of OrgIQ without reiterating them here. Therefore, if in doubt, please refer to the Beliefs, Model and Foundations sections for further information.

Lesson 1: Focus On The Stakeholder (Interested Parties)

Determining who is "at fault" here is unclear and ultimately irrelevant. OrgIQ does not believe in blaming, preferring instead to focus on responsibility, as it leads to the freedom to create and manage. From my perspective, the root cause is systemic. We aim to change the organization (Network), yet I find myself constantly focusing on the Clockwork because they are the clients and control the budget. The funds must be secured and provided with the necessary information.

It would be interesting to see how much of the budget was allocated to reporting and maintaining the Clockwork. From all the internal and external change projects (or transformations) I've observed, I can affirm that a significant portion of the resources is devoted to this aspect. From a Lean perspective, this is considered wasteful.

This is also one of the reasons why outcome-oriented providers like OrgIQ have not yet been commissioned for these large-scale transformation projects. Here, 'outcome' refers to holistic change, engaging both heart and mind out of conviction.

We simply cannot invest the required effort and energy at the C-level. Our focus would ideally be 90% on the Network and only 10% on the Clockwork, which is too little involvement in politics to secure the contract.

Upon specific inquiry, it became apparent that no work was conducted at the level of individual teams. Thus, the entire change process was confined to the Clockwork, and nothing reached the Network until the roll-out. Ideally, this distribution should be reversed.

Lesson 1': Focus On The Money, Not The Change

This point directly stems from the first lesson, but its significance warrants separate attention. A popular saying goes, "The worm must taste good to the fish, not to the angler." This principle was violated here, largely due to issues of focus and perspective.
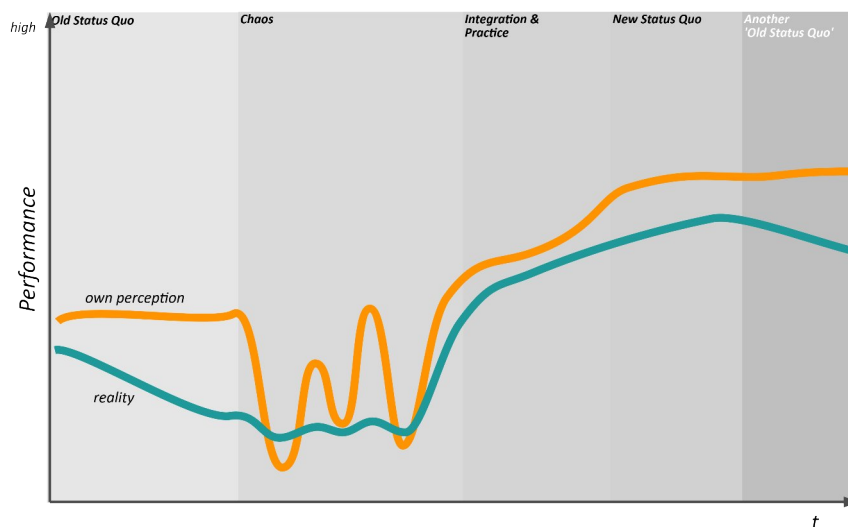

Figure 1: The concept of a change cycle involves two curves: the original orange curve represents the internal perspective of the system, while the turquoise curve I have added depicts the external perspective, the "reality," for comparison. The crisis that triggers the change is essentially a realization by the system that its internal perception does not align with an external one, marking a point of synchronization.

Virginia Satir's change model offers a simple yet effective systemic approach that works well in personal lives, families, and organizations, describing various stages of change.

When we attempt to transition an organization with over 500,000 people, the temptation is strong to treat it as one "system," especially when primarily engaging with sponsors who desire control. This results in the mindset: "This is a project; we need milestones and a plan." So, I devise a plan.

This is precisely the moment when I cater more to the anglers than to the fish.

What really happens during such a change? If we deploy a change across such a large organization, we activate the change cycle for every affected system. For simplicity, let's say it involves 500,000 people in teams of ten, with all being impacted.

That gives us 50,000 cycles at the team level alone, each distinct because every team has its own dynamics. These dynamics are influenced by various factors, which we'll explore further in Lessons 2 and 3, including generational differences and more. It's crucial to understand that each team is as unique as a fingerprint, significantly affecting the change process.

However, these aren't the only systems involved. Teams are subdivided into units, and those into further units, each of which is a distinct system requiring its own tailored approach.

> To avoid overcomplicating things here, I've simplified a lot. In reality, every element of a change project—each topic, method, and concept—has its own change cycle.
>
> Thinking from an individual's perspective, I must model what constitutes a change for them. Where do they need to rewire neurologically? This rewiring process for everyone must be the center of my focus.

It is vital to recognize that each system has its own change cycle, whether we represent it visually or not. Our model does not create reality. However, the less accurate the model, the less useful it is.

It's clear that we cannot draw and track separate models for all these systems, especially since the most crucial level has been overlooked: each individual also undergoes their own change cycle. This adds another 500,000 to the approximately 60,000 we've already accounted for.

The actual approach only attempts to "reach each individual" at the C-level, revealing a significant model gap.

Lesson 2: Forgot The People 1: Humans Are No Machines

Regardless of whom I ask within the project, everyone agrees that "people are not machines." We all know this. So, how could we possibly mishandle this aspect? Because planning human behavior involves navigating the complex interplay among individuals, and within themselves.

The model I now present borrows elements from Cleanroom Software Engineering (Cleanroom SE) [https://insights.sei.cmu.edu/documents/1159/1996_005_001_16502.pdf]. Though the original paper is old, its authors were prescient. The methodology we use here is even older. It revolves around a straightforward stimulus-response model.
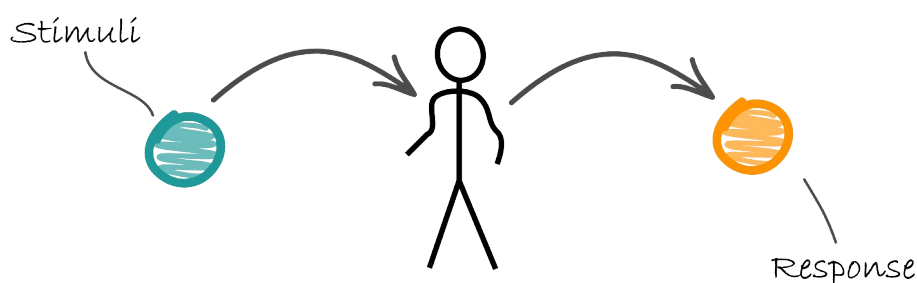

Figure 2: The simple and safe world we would like to have.

Despite acknowledging the complexity of real-life scenarios, we often simplify our actions. The reasoning goes: "Each person receives a new instruction manual and knows what to do next. They are all intelligent and can read." Following the manual, everyone is expected to convert the stimulus (task) into the response (outcome). Thus, the assumption is that detailed instructions are sufficient.

Admittedly, when written out, this sounds overly simplistic and polarizing. That is intentional to highlight the core issue and reveal that we often hold assumptions that are not helpful. For instance, communication via text is highly prone to errors. We never capture the entire model; the text is ambiguous; not everything from the text is transformed into a mental model by the receiver; and merely having information doesn't mean I can or will act on it. Several intermediate steps also require attention.

This principle applies to this document as well. This is why I use many images and stories, even though probably only 10% of what I intend is conveyed.
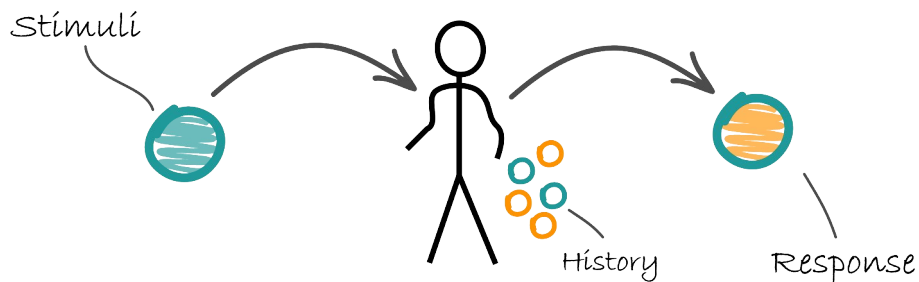
Figure 3: So we add history to our model.

In Cleanroom SE, these models were used to specify systems. The authors immediately recognized that outcomes—or variances in outcomes—often depend on history. A good model, therefore, must consider the past if it is to make reliable predictions about the future. What was before? What is the history? How can it influence the outcome? What were the last comparable stimuli? What then occurred?

We must incorporate history into our considerations. This understanding opens insights into internal processes and the variance experienced in responses. If we're honest, it might also reveal that not all stimuli are received positively.
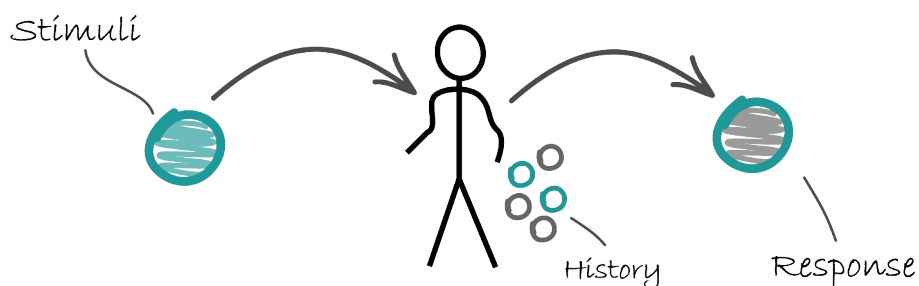
Figure 4: It can always get worse. Gray, as usual, contrasts with orange when the deep soft skills are untrained, leading us to hurt ourselves.

Briefly, without delving too deep: In all human interactions, we should distinguish between the person, their intent, and their actions. We like to view ourselves as cohesive and consistent, but typically, we are the only ones who experience us this way. Meaning, with the best intentions, we might still cause the worst outcomes.

This perspective helps explain why we see variances. It also explains resistance. Yet, doesn't everyone receive the same stimuli and yet react differently? What now?

Here lies our iceberg of hard skills and deep soft skills. This iceberg—our internal state—determines how we experience the world, both as senders and receivers. Therefore, we cannot build a model without incorporating this internal state, in a simplified form.

Thus, the first step must be to identify and represent this internal state. It also sets the timeframe for a change project.

Gray doesn't mean "evil," but untrained, or extremely hurt and disappointed. Let's call it the Resignation Level, on a scale from 1 to 10, with 10 being the maximum resignation.

Consider this scenario: Imagine you have a meeting with someone important to you, someone you don't see often—it could be a parent, mentor, child, or a close friend. You arrange the time and place. The day arrives, and you end up waiting alone at a location on the other side of town. No one shows up.
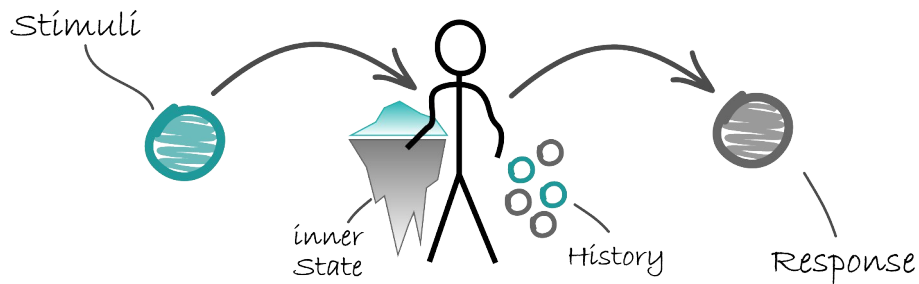
Figure 5: The internal state is an additional dimension.

The next day, you receive a message apologizing for the missed meeting. You schedule another meeting, and the same thing happens. It's frustrating.

This analogy might already be flawed, as likely no one would attempt a third or twentieth meeting.

Yet, this is a common scenario in many companies. Every year, promises are made and announced, yet nothing materializes. There's no follow-up, apology, or learning—just silence. We forget about it, and with each failed promise, the Resignation Level rises. Beyond a score of 4 or 5, nobody believes a word anymore.
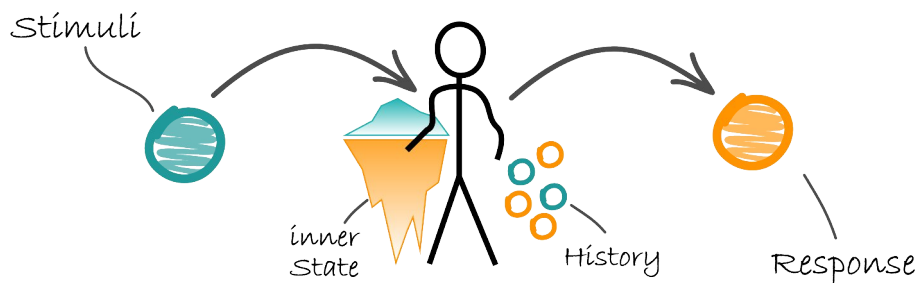

Figure 6: This is the implicit – and unrealistic – assumption behind the initial approach.

This last figure shows the implicit mental model, based on which we define the change. It's our implicit model of the world. But it is incredibly far from reality, and this is why change projects often fail.

To be completely honest, it might take a long time to establish a foundation on which we could work. Trust is built through trustworthy experiences, which require time and repetition.

And it must be a trustworthy experience when it counts. As long as everything is relaxed, we all adhere to our values. But under pressure or when personal gain is possible, our true selves are revealed.

Lesson 3: Forgot The People 2: We Are Not All Pioneers

This lesson is closely linked to the previous one but branches into a new direction. One of our beliefs pertains to the development of populations within an organization: we identify Pioneers, Guardians, and Lifelines.

OrgIQ views all these personality types as valuable. They are not in competition but complement each other, each having distinct roles within the organization.

It's possible to confuse Lifelines with individuals who have a high level of resignation, but systemically, these are entirely different scenarios. The behaviors may sometimes appear similar, but they stem from different reasons.

Herein lies the next critique of traditional approaches:

▶ If there is an ongoing process, everyone is expected to be Guardian, embracing and living the process.

▶ If a change is initiated, everyone should become Pioneer, enthusiastic about and driving the change.

▶ And if something goes wrong, everyone should be Lifeline, repairing and restoring everything.
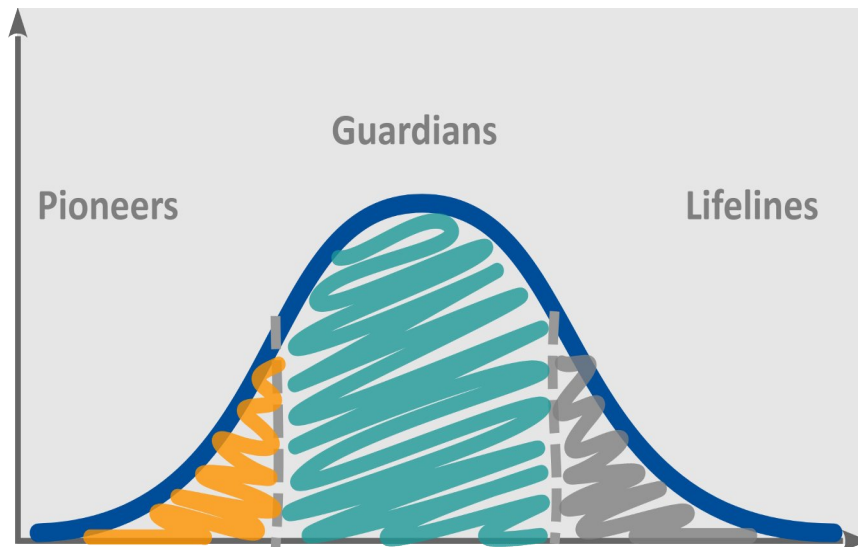
Figure 7: Aufbau einer gesunden Population

People do not function this way. We have individuals capable of fulfilling each of these roles, and they need to be specifically engaged. The magic of the population concept is that we have the right people for all situations, but not everyone is suited for every role.

Since we are discussing change, the initial focus should be on engaging the Pioneers, letting them lead the change. Then, the Guardians can decide whether to adopt or reject the changes. This decision-making process illustrates how we can work with the system or against it, which leads into the next point.

Lesson 4: Working Against The System

Implementing a roll-out of this magnitude is akin to integrating 50 to 500 million lines of code without ever having compiled, reviewed, tested, or integrated it beforehand. For those not familiar with software development, this comparison may seem abstract, but it helps illustrate the scale of complexity. Consider that a large system like Windows 11 might have around 100 million lines of code, a number that conveys a sense of the vastness involved. Visual Capitalist provides a comparative look. This doesn't directly translate to complexity but gives an idea of how unwieldy such a system can be. No one can manage that much code in their head; humans can cognitively handle perhaps 10,000 lines at a time.

To manage this, large systems are broken down into smaller, cognitively manageable chunks, which are built, tested, and then assembled back into larger units—a process repeated until the system hopefully functions as intended. This simplification through hierarchical or functional decomposition makes many assumptions, which complicates practical application.

When the units involved are not lines of code but people, the complexity increases, making large organizations cumbersome, especially within the Clockwork. Even if we tried to describe a person's role in an organization with just 1,000 lines of code, that would amount to at least 500 million lines for an organization with over 500,000 people, not accounting for dynamics and cross-relationships. Systems like these evolve over decades.

It's understood that not every individual requires a unique description since roles can generalize functions. However, a person is not a machine where you input code and expect a straightforward output. The real challenge lies in creating a system where each individual can fulfill their roles in alignment with their personal, individual humanity.

The complexity of changes on such a scale doesn't just involve generating massive amounts of "code" but rather managing 500,000 individual "processors" on which parts of the code must function. Recognizing this as the core challenge is crucial because it requires thinking from a human perspective and understanding the magnitude of the task.

Consequently, such changes require far more time than the one or two years often stipulated by aggressive timelines, which are neurologically, socially, and psychologically unrealistic. This requirement itself is part of the problem.

Faced with the choice of securing revenue or letting someone else take it, consultants are often tempted to make promises they can't keep—no one could deliver on such timelines. If someone were to articulate what is truly needed and how long it would take, they would likely lose the contract. Therefore, a significant part of the negative reputation consultants have is generated by clients. We know what needs to change, but it's too painful to address, so it's easier to make a lot of noise and change nothing but still claim, "We tried." This, too, is a legitimate business model.

Lesson 5: C-Levels Are Human Too

Regardless of the career heights we achieve, the power and prestige we gain externally, our inner selves remain unaffected. We all operate on the same principles, which apply to our organs as much as to our psychology.

This means we all share our humanity. Our personal perspectives, beliefs, experiences, and fears are universal. These include shame, fear of loss—whether it's the fear of losing success or the fear of losing face. All these are facets of the ego, and they hinder genuine change.

Thus, the core question is, "Do you truly want change, or do you just want to show activism without altering your thought processes?"

Part of embracing change is accepting that the system does not depend on us. We merely steward the system we are responsible for. It is autonomous. And it is only when we continually interfere that it becomes helpless and diminished. This concept is known in psychology as learned helplessness.

And that's precisely what we aim to move away from, right?

The OrgIQ Approach

How different would a change project look like, if we start human centered?

Baseline

Firstly, we need to understand the inner state of the organization. This involves getting an overview of the Pioneers, Lifelines, and Guardians, as well as the gray/orange states. Ideally, we should assess each individual, but starting at the team level is already a good beginning. Teams can later address personal aspects on their own. While complete coverage of teams would be ideal, samples are often sufficient to gain an understanding, especially concerning the Resignation Level.

Interestingly, even in the most toxic companies, there are always enclaves of resilience—like a Gaulish village or an island of the blessed, sometimes even multiple. Identifying and leveraging these can significantly accelerate transformations. These should then be set as examples to follow, leading into the next point.

C-Level Job

In such a change, the Clockwork has relatively little to do, which is good news. However, a small part of the task is quite unpleasant. Sadly, literature and experience suggest that it is the lack of willingness to undertake these tasks that leads many projects to fail.

The role of the Clockwork in organizations with high Resignation Levels is to openly admit past mistakes: "Dan spoke to us, and we've realized that we've been sending you in different directions for the last 10 years. We're sorry. We understand that you may not believe us here and now, and that you'll need time to trust us again. We take responsibility for this, including the actions of our predecessors. But this time, we truly want to make a change. You'll get more information in the coming days. Thank you."

Management at all levels should announce and live by this declaration and stick to it. 'Sticking to it' means giving the organization direction (Purpose) and being clear about the results (Results). And it means not disturbing the process that begins with this statement.

This is challenging, as the process occurs beneath the surface. It could take a minimum of 1-2 years, sometimes up to 5 years, and maintaining patience and a consistent direction over such a period is difficult.

Empower Network

The network includes everyone, including all of the Clockwork. Here, we meet each other as humans, as equals. Even if the Clockwork must exercise patience for years, it doesn't mean nothing happens during that time. Healing rarely occurs through time alone; we must stop what harms us and do something that promotes health.

Immediately, two things start: the entire network, including the Clockwork, receives training in collaboration. This means understanding and promoting the principles that form the brain of the organization—the Network. While we can never directly create intelligent organizations, we can create environments where organizational intelligence is likely to develop. And intelligence includes all levels of skills, from well-known Hard Skills to Deep Soft Skills.

This will also be regularly measured. The goal is to build an organization that handles Deep Soft Skills as systematically and professionally—and as calmly—as it has handled all other competencies.

Training should not be conducted by externals, though. Certainly, OrgIQ will start and accompany the process, but the know-how should be built internally. The point here is that the network begins to become "self-learning" already at this stage.

Value Watcher

Lived values are key. However, as we've been quite flexible with the interpretation of values over time, it's time to practice them again, starting with the Clockwork and radiating outward. We must all understand that people notice when others violate values, often more keenly than they express. A lot goes unnoticed by consciousness. We feel it more than we know it. Therefore, the Clockwork can never demand more in terms of values than it demonstrates itself. Actions count, not just words.

This should be playful yet serious. The Value Watchers act as a "jurisdiction" in the sense of a separation of powers. During the restructuring phase, an external organization, such as OrgIQ, might take on this role. If organizations are serious about a new structure, it is sensible to create a truly independent body internally after some time. Importantly, this body must be genuinely independent and apolitical.

The task of the Value Watchers is to provide a place where any breach of values can be reported, regardless of position. This includes C-Level and everyone else. Initially, the Value Watchers just count and may ask or investigate to understand and initiate the learning process. However, resistance, defensiveness, and discussions will inevitably occur, especially at the start, as we are accustomed to the blame game.

Thus, the focus is not on condemnation but on a slow, playful learning process that benefits both the world and the organization. Our approach is valuable and playful because foundations benefit from it. Suppose your major sustainability theme is the rainforest; we would select a rainforest project to benefit from any funds collected.

The idea is simple: breaches of values are "penalized." Each breach results in a charge—perhaps €100k per breach for C-Level and €5k for a team leader. Initially, the organization covers these costs, not to punish individuals but to make visible the hidden damage each breach causes. This visibility is the most crucial metric of transformation. What has been hidden, ignored, denied, and suppressed now gets a stage, marking the first step towards openness.

We also recommend focusing on a few relevant values. Given that codes of conduct demand numerous values that are impossible to adhere to simultaneously, especially in organizations with a high gray component or a Resignation Level above 3, we start with a small selection leading us towards trust. Honesty is a good start; openness can follow a year later.

These values and their implementation must be clear to everyone. In terms of openness, an important element is never talking about people behind their backs but only talking with them, regardless of level. And if it ever happens, inform the affected person as soon as possible, including the content and who was involved.

What Else?

This is the core, the foundation. Upon this, the actual content of the changes builds. As mentioned at the outset, the goal is not to replace everything or to denigrate the past but to add a few aspects.

Through this lens, we see things more clearly and understand what was once puzzling. The better we understand people, the better we understand our organization and our customers.

And the better we interact with one another, the more productive we become. In this example, we might learn SCRUM. Why not? But first, we build the foundation and the intelligence to handle it. We use the multipliers we have and the autonomous learning to distribute the change—to review, improve, adapt, and distribute. This significantly unburdens management and follows the systemic structures.

Because we have built a stable network, we no longer face the problems of central control and oversight, which can become prohibitively expensive. Instead, we do it along the network. We follow the natural structure of the system. *We let the system work for us rather than working against it*.

This fundamentally different view is the game-changer. It requires a high level of trust in the system. And trust is the central element in everything. Do I trust the system I've built?

One of the essential elements to implement changes with the system and without resistance is to clearly explain why the change is good for the system.

The reason for resignation and resistance is often that in the past, something was sold as "good for you" for entirely different reasons, thus lacking honesty, transparency, and openness.

Even external requirements can be openly formulated: "If we don't do xyz, and yes, it may mean more work for us, we will lose zyx status and thereby customers. To continue being successful, we need this. And you'll see that we integrate it in the best way into our real workflows, and perhaps we can even improve somewhere."

If it's a completely new topic, a new milieu is created so that expertise emerges in the Clockwork, giving it purpose and focus. The integration of this expertise is then a task for the Network.

With the example of SCRUM, I only need to clarify beforehand how it fits into our purpose. Why is it a good step, how does it help us achieve our purpose more easily, better, more meaningfully?

A change should be a journey. We set the destination, and then everyone brings their expertise and ideas to make the journey enjoyable, but also to ensure we reach the destination. This image works for you only if travel is associated with joy. Because ultimately, that's what it's about: creating an environment where we learn and experiment with joy. Joy and fun help because they mean we need about 20 times fewer repetitions to learn something new.

In the system, everyone keeps their own change cycle in mind. And we are all much more relaxed when we understand what is happening to us and why. This also means that no one needs to be familiar with more than 2-3 change cycles. It should always cover their own reality (milieu).

Then there's the beauty of complexity: It arises by overlaying many individual systems. But it also disappears again when I distribute it.

Complexity cannot, by definition, be mastered centrally. But if my system does it for me, I don't have to.

Our Promise

If you're truly ready and committed to change, give us the €5 million and 5 years. We'll then assess how long the re-structuring will take, and afterwards, the organization will be transformed in ways beyond anyone's imagination. Expect productivity and satisfaction levels that are extraordinary.

Why can we promise this? Is it because we're exceptional? No, it's because we've seen and experienced enough organizations to know the potential within you. When that potential is unleashed, the results will be unique. The exciting part is that even we don't know exactly what will happen within your organization. We only know that it will happen if the environment allows it.

Honestly, 7% of organizations can manage this transformation on their own. They take materials from OrgIQ and other sources and just do it. They have a high orange quotient, low Resignation Levels, high emotional competence, and minimal ego. They don't need us.

About 80% of organizations have decision-makers who are not yet ready to let go of their egos. That's perfectly fine. You'll do it later when external pressures increase. You're more likely to be Guardians or Lifelines.

We at OrgIQ are interested in the 13% who really want to change and just need a little initial support and guidance. We're a good fit, and we look forward to working with you.

You are the ones who want *real trust* within the organization, even if it costs something. We need trust and openness for every change that benefits the system. Trust requires openness from the Clockwork.

What I live by in the Clockwork, I can expect in the Network. The willingness to provide this openness is key. It's the core of what determines success or failure—not necessarily in terms of revenue, but in terms of winning or losing people's hearts.

With purpose and direction established, we can tap into the internal intelligence of every individual in the organization. We can use this intelligence reliably because everyone in our organization wishes you every success! (Unless they are utterly disengaged, which they won't be.)

However, if this intelligence is switched off—not allowed—it doesn't apply. This is the difference between an intelligent organization and a foolish one. A foolish organization relies on the intelligence of a few individuals, who then feel overwhelmed because it's more than any one person can handle. This creates unhappy but indispensable bottlenecks, maintaining the organization in an unhealthy and costly dependency.

So, let's initiate smart changes in intelligent organizations. We can still be pioneers in this field worldwide. Let's start today.