

PART SIX

Dilemmas of Change

We Think We Want Creativity or Change, but We Really Don't

IN MY EXPERIENCE as a psychotherapist I continually wrestle with a fundamental paradox: Clients come to therapy seemingly wanting to change but then spend most of their time resisting it. This can be traced at least partly to their unwillingness to give up the pictures they have of themselves, pictures that have been developed over a lifetime. These self-images or self-concepts are all they have to identify themselves. Understandably, to abandon them could be deeply threatening.

I see the same resistance to change in management training programs, when people or groups are put into situations where there is freedom to operate differently than usual. Managers take part in these sessions presumably because they want to experience something new in their own personal relations. But they then join with the rest of the participants resisting that new experience by trying to create situations identical to the very ones that they dislike in their everyday lives. They seem compelled to make over the sessions into the most conventional kind of gatherings, with agendas, objectives, designated leadership, and so forth. It often takes quite a long time for groups to feel safe enough to explore different ways of operating.

Stifling Creativity

Although most people think otherwise, creative ideas are relatively easy to elicit. Usually, all you have to do is make the request—in brainstorming sessions, for example. But the good ideas that come from such creative encounters are only a small part of what it takes to institute change. To *implement* an idea is the tougher task.

I once ran an organization where we did our best to encourage innovation. But I sometimes felt that if one more person brought me another good idea I would lose whatever composure I still had, because I didn't know how I could manage what already was in front of me. The fundamental problem with creativity is that every really new idea requires the manager and the work force to undergo significant change. So it is no wonder that most organizations—schools, businesses, churches, and so on—seem to be designed for the express purpose of discouraging creativity.

We also stifle creativity because it usually means tapping the unconscious, the world of feelings. We fear emotionality, intimacy, vulnerability. Feelings are our enemies, we often think. We worry that if we unleash our deeper feelings we will be playing with fire. And so we censor ourselves and each other in all sorts of ways.

We play intellectual games. “Define that term.” Or, “On what authority do you make that claim?”

We judge and evaluate. “You're using too much paint.” Or, “It was better last time.” (Both managers and employees so dread evaluation that performance reviews have come to have nothing to do with actual performance.)

We deal in absolutes. “We've always done it that way.” Or, “We don't make exceptions around here.”

We think in stereotypical ways. “I couldn't possibly work for a female boss.” Or, “Men are rational, women are intu-

itive." All of these stereotypes condition our reactions and make it difficult for us to see the possibilities for change.

We don't trust our own experience, and we train our employees not to trust theirs. We tell them, "You're not ready to take on that responsibility," and gradually they do come to disregard their own experience and defer to the judgment of others.

Make It Manageable, Please

Real creativity, the kind that is responsible for breakthrough changes in our society, always violates the rules. That is why it is so unmanageable and that is why, in most organizations, when we say we desire creativity we really mean *manageable* creativity. We don't mean raw, dramatic, radical creativity that requires us to change.

So when teachers ask their classes to be creative, they want the children to take the crayons and draw on the paper, making sure that it is turned a particular way so that it will hang neatly on the wall for parents' night. Teachers certainly don't want their students to draw off the paper and down the table leg.

That mentality even applies at the university. We think of the university as the seat of creativity because it is there that we assemble our finest minds. We expect the faculty and students to operate at their creative best. But here again, we are talking about manageable creativity. It is no accident that the great achievements in human creativity, the discoveries and theories that have fundamentally reshaped our world, have come from people who at the time of their most creative acts were not at universities but were working either independently or at small, unorthodox institutions. I think of people like Einstein, Freud, Gandhi, Marx, Darwin, or Edison. These people were working either alone or in small and relatively short-lived institutions, such as Freud's Vienna Institute or Edison's laboratory. Modern art and architec-

ture began outside the university at places like the Bauhaus, and gradually made their way in. Science itself operated for centuries outside the university, entering only about two hundred years ago.

Once a great breakthrough occurs, it is possible for the university to engage in all kinds of creative work that flows from it. University scientists did not create the science of genetics, but they did discover DNA. They did not develop the formula $E = MC^2$, but they used it to sustain the first nuclear reaction. Manageable creativity, in other words.

The university is cast in this role for good reason. Its purpose is to educate the young, to be the reservoir of our knowledge, to guard the disciplines, to stand as a bulwark against political efforts to shut down inquiry. To serve those functions, it must last, and to last it must necessarily be conservative, minimizing risk and radical change. By its very nature, it cannot embrace ideas until they are well accepted.

Organizing Differently

A similar dynamic occurs in organizations of all kinds, including business organizations. While they might like to think that they are organized for creativity, companies that are sizable and think of themselves as permanent cannot encourage creative acts as well as a new and relatively temporary organization can.

When a company wants to stimulate creativity, it may need to organize quite differently. Xerox Park, a small unit separate from the Xerox organization, became responsible for some of the most radical developments in computer engineering. At Lockheed's famous "Skunk Works," also a semi-autonomous unit, leaders like Kelly Johnson and Ben Rich developed airplanes advanced far beyond what was thought possible, including the U-2 spy plane and the stealth fighter.

Companies like Xerox and Lockheed—and now many others—have learned that scale is the enemy of creativity

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and are finding ways to break into more flexible units. Following that formula, even within the context of a large organization, they can provide their leaders with more latitude to follow potentially creative paths.

We Want for Ourselves Not What We Are Missing, but More of What We Already Have

IN MY GRADUATE school days, I worked on a small project in which I asked people to describe their ideal selves. One of the subjects in my study was an Olympic athlete, and I was intrigued that he seemed to want for himself more of what he already had: great athletic ability. Another person, a brilliant scholar, wanted more intelligence, something that was already his strong point. Over and over again in that study, I realized that people wanted for themselves not something that was missing in them—and that others might think important for them to have—but more of what was already their special attribute.

I began to see this phenomenon everywhere. People who have great beauty may say they would like to be appreciated for their other qualities, but it is their beauty to which they pay most attention. People already quite fluent in speaking will wish to be more articulate. Powerful people want more power, and so on.

When I worked with human relations groups where people described what they wanted for themselves, they seldom mentioned qualities that others would later suggest were missing from their personality or performance. A woman

who was very composed and serene—and seemed to want more of that for herself—was asked if it wouldn't be important to experience more earthiness and passion and creativity to make her life more complete. A man who relied heavily on his sense of humor, quick wit, and ability to joke his way through conversations was urged to experience times when he could be serious and thoughtful and penetrating.

It was not that these two were asked to give up what they had been relying on for so long. Rather, by allowing themselves to experience other behaviors, they might enrich their lives. As Abraham Kaplan noted, "If, as Socrates said, the unexamined life is not worth living, so the unlived life is worth examining." Still, few of us are willing even to make that effort.

Danger Signs Unheeded

For years I was a member of an organization known for its work in management and human relations training. At one point in its history, this group found itself deeply in debt and worried about its ability to survive. The response of its leaders was to hire a consultant to help them, of all things, to work on the group's internal human relationships. They seemed to think that if their interpersonal relations were better, whatever troubled them would abate.

I suggested that perhaps the first order of business was to erase the debt. But my comments fell on deaf ears; they continued to put money and time into working on the human side of the enterprise. The organization, so intent on becoming more accomplished in an area where it already was highly accomplished, was failing to attend to a threat to its very existence. It very nearly went bankrupt.

In another situation, I was one of the first of many consultants to help a high-tech East Coast company institute experiments in the organization of work teams. This effort quickly captured the interest of the founder and president of the

company, a technical genius from Caltech who had developed the company's leading product, which dominated the market. In fact, he became so fascinated with the success of the first work teams that he brought in additional consultants, all prominent in that field, to add their wrinkles to our efforts. The experiments seemed so successful that they were written about in business and even popular publications.

Before long, however, the company began to lose market share. But the president continued to be absorbed in the human relations side of the business. I suggested to him that in his eagerness to explore the fascinating human dimensions of the business, he may have been neglecting such areas as product diversification, relations with financial institutions, and so forth. But his emphasis on the experiments—so satisfying to him—continued, even to the point where his company came dangerously close to going under.

Setting the Stage for Trouble

The difficulty for all of us is that our absorption with what we do well may blind us to what will enable us to do even better. The particular challenge for managers is to remain mindful that organizations can set themselves up for trouble when they rely solely on the things they are already doing well and fail to see what they *really* need to do.

Big Changes Are Easier to Make Than Small Ones

IF EVER THERE were a godfather to the idea of management of the absurd, it would surely be C. Northcote Parkinson, author of the famed Parkinson's law, "Work expands to fill the time available." He was also responsible for many other similarly witty but powerful insights into the absurdities of human organizations.

It was Parkinson who formulated the observation that the time a committee takes to discuss an item on the agenda is inversely proportional to the amount of money involved. All who have sat through budget meetings will recognize that phenomenon. It may take hours to discuss hundred-dollar items, while million-dollar items fly by. Almost everybody knows something sensible to say about a small item on the budget, but few can offer wise comments about a million-dollar item.

The CEO of a medium-sized electronics company once told me that in one day he was able to completely change the shape of his organization, flatten the organization chart, and eliminate several levels of management—but it took days to persuade one person to move his desk ten feet. We are all painfully aware of the excessive time taken up in minor issues. Henry Kissinger is credited with the remark that the reason university faculty discussions and disputes

are so time-consuming and acrimonious is that the stakes are so low.

The Case Against Gradualism

In most of our efforts to bring about change, we are counseled to take a gradual approach. The metaphor usually applied in these cases—that we must crawl before we can walk and walk before we can run—seems to make good common sense. But it may be that in the area of human affairs, that is not always the best counsel. Physician Dean Ornish, in arguing for a strict diet regimen, says that “It is easier to make big changes rather than small ones because the benefits are so much more dramatic and they occur so much more quickly.”

Certainly, as we look at the pursuit of civil rights in America, it is not at all clear that gradualism has worked that well. The pace of change has certainly been gradual, but whether gradualism as a strategy has been effective is debatable. Martin Luther King called it the “tranquilizing drug of gradualism.”

The bold act that most dramatically and quickly brought about racial integration in a major institution of our society was President Harry Truman’s elimination of Jim Crow laws in the armed services, which he accomplished by executive order. Segregation in the military yielded not by gradualism but by massive immediate change, albeit resented and resisted.

Conversely, the gradual approach to integration has encountered resentment and resistance while failing to bring about necessary change. While it is clear that African-Americans have made significant gains since slavery, it is also true that, except in special cases, the differences between them and whites on economic and social bases have not diminished for decades. The disparity between incomes is

still substantial, our communities by and large are not integrated, and racism remains a strong force.

I remember being told at the beginning of the modern civil rights movement that it might take an entire generation before the movement's overall objectives could be achieved. That was two entire generations ago, and still we see little change in the way in which African-Americans and whites live together. The big change made by Truman held; the little ones have been much easier to resist.

Bold Moves

General Motors stunned the business world in 1991 when the automaker announced that it would close twenty-one factories and lay off seventy-four thousand employees. Painful as it was, the action perfectly illustrated the case to be made for big changes. The company's managers were convinced that downsizing had to be accomplished. They could do it one factory at a time, reaping adverse publicity and hostile employee reaction every tortuous step of the way. Or they could put it behind them as quickly as possible and move on with the business of recovery. Their success at "instant downsizing" did not go unnoticed at other major corporations, which soon were doing the same.

Chiat/Day Advertising and the Oticon Corporation of Stockholm are among the companies that have made radical changes in the design of their operations. Both used advanced communication technologies to switch to paperless systems, restructure their management, do away with private offices, and become "virtual" companies. Such radical change would be impressive even if accomplished over a fairly long period of time. But in fact, both companies accomplished the changes all at once.

If big changes are easier to make than small ones, that does not, of course, mean that making such changes is ap-

appropriate as a general strategy. Usually, not enough patient, careful analysis goes into management decisions, large or small. But the fact remains that people respect bold moves, and are more likely to buy into a change if it is big enough to withstand any attempt at countering it.

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We Learn Not from Our Failures but from Our Successes— and the Failures of Others

HOW OFTEN EACH of us has said, "I'll never do that again." Or, "I'm not going to make that mistake anymore." But we do, of course, repeat over and over again the mistakes we make in school, in marriage, in work, and in life. Through it all, we continue to believe that we learn from these failures.

Conversely, we seem obsessed with the success of others. We believe that we can somehow learn from their examples. We pay a lot of money for books, lectures, and training programs produced by those whose major success is essentially in selling themselves as successes. The results are negligible, but we keep looking for success formulas.

We should probably stop looking. Most psychological theories would steer us in the other direction—toward the idea that we learn from our *own* successes. When we succeed in achieving a goal, the behavior that led us to that goal is reinforced, or "learned." When our successes are relatively consistent, our rate of learning rises accordingly. But wait. Isn't life, like baseball, mostly failure? Don't we miss a good deal more than we hit? Sure. But that doesn't mean that we

learn from our failures, any more than a batter who swings at a ball and misses learns from that miss.

Nevertheless, it's important that we fail. We need to fail often. If we don't, it means we're not testing our limits. It means we're not taking the necessary risks to improve our behavior. Tennis players who never double-fault are playing the game too cautiously. Skiers who never fall are not skiing close to their capabilities. But we don't learn from those failure experiences.

Learning from success happens when, as in athletics, you are on your game, things are working for you, anything seems possible—and you are stimulated by your achievements. When we are doing a series of things right, it gives us the strength and encouragement to continue—which leads to our greatest successes. On the other hand, a series of failures can demoralize us.

Relating to Failure

While we may think we are motivated by hearing about the success of others, believe it or not, little is more encouraging or energizing than learning about or witnessing another's failure, especially if it is an expert who is failing. But there is an even stronger reason why we can learn from the failures of others, beyond the simple pleasure of knowing that an expert can fail too. It has to do with our ability as human beings to relate better to people in their failures than in their successes, and to learn more in the process.

My teacher and colleague Carl Rogers used to say that he didn't really know how to talk to people unless they were talking to him about a problem they had. At first I thought that was an unfortunate limitation in his personality. But then I came to realize that to some extent it was true for me too, that I related to people so much better when they were talking to me about their failures than about their successes.

I have since noticed this is true of people generally. Very few of us are capable of responding to another's success with the same sensitivity and wholeheartedness that we extend to that person's failure. Few of us also have the insight or the honesty of author Gore Vidal, who remarked, "Whenever a friend succeeds, a little something in me dies." But it's more than that. Responding to failure seems to bring out something good in us. It's not that we want other people to suffer; it's that we know better how to empathize with the person who is suffering than we do with a person who is succeeding. Even though we applaud and wish the best for that fortunate person, it is less easy for us to share the experience of success than to share the experience of failure.

Perhaps that's why gossip is such a unifying force. We attach to gossip the most derogatory terms, yet it is probably the single most community-building and social-bonding experience we have. Gossip seldom revolves around the description of others' successes, however, because sharing stories of others' troubles is what brings us together.

Not in Our Control

In our society, we tend to attribute success and failure to personal behavior. We like to personalize the issue, and we set up our reward systems accordingly. But most of our successes and failures are due to forces well beyond our own making and not within our control. Other societies, such as Japan, recognize this better than we do.

While we single out individuals for recognition, the Japanese are more likely to credit the group, because they know that success is seldom actually a matter of individual achievement and, moreover, they want to foster cooperative attitudes among group members.

Sometimes, success is a result of pure luck. Organizations that are enjoying a period of affluence often attribute their

success to management skills, when it may be just lucky positioning in the market. Even some of the companies that are regarded as best managed owe much to luck. If the Justice Department hadn't filed an antitrust suit forcing IBM out of its founder's favorite punch-card business, IBM surely would not have become a leader in computers. The role of luck in life is greatly underrated, but be careful not to tell that to a CEO. As E. B. White noted, "Luck is not something you mention in the presence of self-made men."

I often think of a comment made to me by the late Jonas Salk, celebrated developer of the polio vaccine. In a pensive mood, he said, "I'm rebuilding my life out of the ashes of success." Success and failure are intimately connected. They are related to each other in the same way that peaks and valleys are related. They define each other. We can't have one without the other. Sometimes what seems to be a success is, in fact, failure, and vice versa. Or one leads to the other. And if success is due, at least in part, to good luck, then failure may be the result of bad luck. That is why success or failure can never be the sole measure of the accomplishments of others—or of our own accomplishments.

Could Be, Seldom Is

The idea that we learn from our failures is built on the notion that we learn from our own experience, that experience is the best teacher. In one sense that is obviously true, because experience is really all we have. But to learn from experience means that we have to process it in some way that makes it available to us. We have to analyze it. And most of us, for one reason or another, don't do that. We don't want to take the time and energy, we don't want to know the unpleasant aspects of it, we don't like to look deeply into our failures. Experience could be the best teacher, but it seldom is.

Organization consultant Robert Tannenbaum says that too many senior managers who may have been at the job thirty years don't necessarily have thirty years of experience—they have more like one year of experience, thirty times.

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Everything We Try Works, and Nothing Works

I HAVE ALWAYS been puzzled, and I suppose disturbed, by the fact that management consultants whose approaches I disdain, who I think are not well trained or maybe even a shade unethical, seem to have more or less the same successes in their work as the consultants I most respect. That is, it seems to matter little what techniques or approaches are attempted; they all seem to work. When we put that observation together with the unsettling fact that any changes introduced by consultants will soon fade and disappear, leaving almost no trace of their having ever been instituted, we have an interesting paradox. It does seem that everything we try works, yet nothing works.

It has been a matter of some embarrassment for psychologists to live with research results that show that all schools of therapy, even those fundamentally at odds with each other, produce essentially the same results. People get better in the same proportions whether they are in psychoanalysis or hypnotherapy or any of what are now literally hundreds of other forms of treatment. But like management consulting, the effects are somehow illusory; it is very difficult to show lasting behavioral changes as a result of any of these approaches.

Unaware of that phenomenon, a management consultant may claim to have discovered the "right" way to do things after inventing a technique that seems to be well received, to be producing the desired effect. The trouble is that it doesn't make any difference what the technique is—they all work.

We see this most clearly in management training exercises, especially in the techniques used to explore human relations. There are now countless manuals crammed with such techniques. I'm sure they all work. I can even imagine the leader of a management training group just saying, "All right, I'm now going to turn off all the lights in the room so we cannot see each other as we continue to discuss the issues we were dealing with." At the end of the session, people would probably say that it was the best session they had experienced, that they had never gotten so much out of a conversation before.

Consultants or managers who have instituted training programs can easily be misled by the reaction of the work force. People will often say the most amazingly enthusiastic things about whatever method or technique they have been exposed to, especially if it has been something of an ordeal. It is not uncommon for them to say, "This has changed my life, I'll never be the same again. It's the most marvelous thing that has happened to me." Not easy words to dismiss, especially if you want very much to hear them.

No Right Way

Young managers become enthusiastic about new techniques because they have yet to learn that everything works and nothing works. That's why the worst charlatan and the most demented cult leader can have devoted followers, and why every fad captures a certain number of managers. But it certainly presents a dilemma for the responsible manager

who is genuinely trying to sort things out. Studies of management are rather confusing. There appears to be no right way to be a manager.

Completely different types of leaders enjoy equal success, and part of the reason is that employees have the power to make their leaders look good. Organizations survive because most people are trying to do their best and will make an effort to keep things going under any circumstances, no matter what kind of leadership they are given. It has always puzzled researchers why a gruff, demanding autocrat could have roughly the same results as a gentle, sensitive, democratically oriented manager. Some suggest that whatever their management style, if it is authentically *theirs*, if it is congruent with them personally, it will succeed.

Others say that style is just an overlay on sound management principles: fairness, integrity, tenacity, feeling a genuine respect and even affection for the group, going to bat for its members, holding out a vision for them, working hard, demonstrating a genuine commitment to the task and to the organization. That's why managers who may be good at starting things but not good at follow-through, or good at seeing the big picture but not able to attend to detail, all can be successful. Their employees often compensate for those differences and actually make the managers succeed.

Easy Come, Easy Go

If we look at the aftermath of some of our best known management studies, we can find ample reason to doubt the seductive but deceptive idea that something is "working." Tom Peters and Robert Waterman, in their best-selling book *In Search of Excellence*, identified companies engaged in practices that had earned them excellent standing in the market. It was not long, however, before a number of these companies, which presumably were continuing their supposedly

effective practices, ran into considerable difficulty and could no longer be considered "excellent."

The classic Hawthorne studies in the 1930s found that when people are paid attention to—and they believe that management's efforts are designed to help them—productivity will increase even in situations where one would expect it to decrease. The studies led to the installation of a program designed to pay more attention to workers at the Western Electric plant in Hawthorne, Illinois, site of the research. Years later, a frustrated F. J. Roethlisberger, one of the study's coauthors, told me, "It's all gone, there's nothing left." As Roethlisberger explained it, everything he and his colleague Elton Mayo had undertaken eventually was abandoned. There was no trace of the program left.

The Hawthorne studies show that it is relatively easy to produce changes in a limited, experimental situation. Yet, as we have seen from the consequences of that very experiment, it doesn't take long for those changes to disappear.

It Takes Practice

People can make lasting changes in themselves only through a commitment to a continuing discipline. For example, crash diets don't work, but a permanent modification of one's eating habits does. Visits to spas don't work (after they're over), but the daily practice of exercising, stretching, or weight lifting does. The same is true in management. Lasting change comes only from the adoption of sound management principles that are practiced on a continuing basis. There are no quick fixes.

Planning Is an Ineffective Way to Bring About Change

BY AND LARGE, organizations are simply not good at changing themselves. They change more often as a result of invasion from the outside or rebellion from the inside, less so as a result of planning. One could argue that it is plans, not planning, that is ineffective. Certainly, the planning process itself can be valuable. But the distinction has to do with *making change happen*. Neither plans nor planning is especially effective in that regard.

Planning is built upon the flawed idea that it is possible to predict the future. Yet the future almost always takes us by surprise. Since there is simply no good way to predict future events, there is no sure way to plan for them.

Here are some other reasons why plans and planning are of so little use in bringing about change.

The members of an organization tend to be blind to those aspects of the organization crying out for change. They often do not see what may be obvious to others. That's why it's so easy to be an expert in someone else's organization. Additionally, the organization generally has an interest in maintaining the status quo, including commitments to people and programs that may no longer be aiding the organiza-

tion. Anyone charged with planning cannot help but be influenced by this reluctance to change.

The planning process tends to be located in a relatively low-status department so that the planners are not knowledgeable about the organization's top-level concerns. Thus their plans cannot be truly strategic. Too often, planning is an empty ritual designed to make management feel there is something going on in that area. Plans are made but they are seldom put into use, checked and rechecked against the actual experiences of the organization. Little wonder that planners constantly feel frustrated.

The fact that planning is usually confined to one department is in itself limiting. When planning is not a function of management in all departments, there is no broad organizational "buy-in." The plans remain sterile because they have not been sold to, or had the participation of, the larger organization.

The planning process usually cannot effectively accommodate in its plans the many political pressures that are brought upon the managers charged with implementing the plans. In city planning, for example, large real-estate developers and other special-interest groups that make financial contributions to politicians are able to obtain legislation that works against the best intentions of the planners. Individual citizens who try dealing with city planning departments to get their own plans accepted may see the planners as being very powerful. But those within the department feel relatively powerless against the influence of special interests. Corporate planners can be similarly circumvented by directors who have sweetheart relationships with other corporations, by executives with pet projects that don't fit the plan, by the company's informal or even secret relationships with suppliers or competitors, and so on.

Carrying out plans to the letter ordinarily requires such authoritative control that the human spirit is stifled. Planned communities are an example of this. They are beautiful, clean, and orderly, but their inhabitants pay a price. The price when order takes precedence over vitality is the loss of individual liberty. Communities and organizations of all kinds need order. But they also need its opposite: spontaneity, a certain degree of chaos, even messiness. Just as our great cities have bohemian neighborhoods where spontaneity and creativity can thrive, organizations should make room for those aspects of human behavior that authoritarian plans would discourage.

Planning is as vulnerable to fashion as any other managerial activity. As it happens, planning is itself a fad that was much more popular a decade or so ago, when "strategic planning" was the byword of management. It is no longer the case.

Self-interest can be a barrier to effective planning. In particular, the professions stubbornly resist planned change and seem interested only in protecting themselves. If the professions actually did plan with the public interest in mind, they would probably have to merge with each other or go out of business. At the least, they would have to diversify, retrain their members, and engage in all sorts of activities that would threaten the status quo. That is why their plans are seldom ambitious or radical.

Rebellion and Invasion

Earlier, I observed that rebellion or invasion from the outside will change an organization more often than planning. The labor movement is an example of a rebellion with lasting effects. It has wrought far more fundamental change in the ways in which organizations function than has, say, the introduction of any management technique.

Similarly, the invasion of the computer is certainly changing organizations. We are now observing huge shifts in the way organizations think of themselves as a result of computerization.

Corporate takeovers, whether hostile or friendly, are another example of organizations changed dramatically by invasion—especially when new owners make major changes even before they really are a part of the reorganized company.

Given just these three developments, one would not today design an organization of the future in the same way that organizations have been designed in the past.

A Way to Make Ready

If planning is so ineffective, why do we do it? And why is it so important that we continue to do it?

Planning may not be effective at assessing the future, but it can be a good way to assess the present. It also indicates trade-offs that may be necessary, sets boundaries so that possibilities can be carefully assessed, simulates plausible scenarios, integrates ideas, and forces people to think about consequences. Additionally, it can put management on what planner Jivan Tabibian calls an “anticipatory alert,” so that it is better prepared for the unexpected.

The process, not the product, is what is important. At its best, planning becomes a form of anticipatory, strategic thinking—the basis for organizational flexibility and readiness. That may be the most it can offer, but that’s a lot.

Organizations Change Most by Surviving Calamities

WHEN I ASK people what was most important in shaping their lives, they often tell me of the beneficial effects of having survived the Depression, the loss of a family member, or a near-fatal accident. We have always honored this concept in our lore. We call it the school of hard knocks—coping with adversity builds character. But we have a difficult time factoring that belief into our ideas of management, and for good reason: It presents us with the paralyzing absurdity that the situations we try hardest to avoid in our organizations would actually be the most beneficial for them.

It is hard to imagine how surviving calamities could be good for organizations. Yet we know that people grow and prosper not just because of the good things that happen to them, but perhaps even more because of the bad things, the disasters, the crises. Such experiences often cause people to make major reassessments of their lives and to change them in ways that reflect a deeper understanding of their own capabilities, values, and goals.

Organizations tend to react similarly to major adversity. It's never easy, but they do seem to change as a result of surviving calamities. Not all calamities can be survived, of course. Many of them are lethal and can indeed end organizations. But like many men and women who have spent

their lives struggling and are in many ways better for it, organizations that struggle develop a sense of pulling together, ways of coping that keep them afloat where others sink.

Change by Shock Wave

Sometimes even the giant calamities that organizations suffer are beneficial. The death of a charismatic leader or founder is an example. At the time, it seems absolutely ruinous. But many organizations have reported, much to their surprise, that the loss of their great leader freed them from strictures they weren't even aware of.

A huge layoff can send a shock wave through an organization, making many wonder if it will survive. Yet about half the time, the drastic reduction in the work force rids the organization of the less effective employees and toughens the remaining force so that it actually does better. Often, executives in such situations find they are getting more work done with fewer people.

A hostile takeover of an organization may also be seen as a calamity. But while the people going through the ordeal tend to be convinced that it is a disaster from which they will never recover, the takeover often produces as much good as bad, and the resulting organization is stronger. Bankruptcy is another potentially beneficial calamity. Many organizations never survive it, but those that do often come back healthier and better able to keep focused on the important goals.

The Conventional Wisdom

Although individuals will acknowledge calamities as important in their development, managers are less likely to cite organizational calamity as the reason for change and growth.

Calamities are an embarrassment to management and not likely to be regarded as the key to success.

Managers would rather say that their *management* of the crises was crucial to success: indeed, that is the conventional wisdom. But the truth is we don't fully understand, either with respect to how individuals grow or how companies flourish, the toughening effect of plain old calamity. In any case, the absurdity remains: In management, we have no alternative but to try to avoid the very things that could be most beneficial.