OLAF HINZ

Change management is dead, long live change management

Change management is a thing of the past. This is the thesis of Olaf Hinz, Hamburg-based consultant on organisational transition. In his way of thinking, disruption, radical transformation, and other major changes in a VUCA world – one that is volatile, uncertain, complex, and ambiguous – simply cannot be controlled.

"In management there was this idea that there was a secure way of foreseeing the environment where you can make plans, going there step-by-step," says Hinz. "Change management plans have been around for the last 30 years starting with John Kotter and his eight steps. So there's a lot of literature, but they all stand on the position that there is at least an 80- to 90-per cent secure environment where you can make plans, where plans are feasible. My thesis is that in the future we will be in or probably right now we are in what I call a VUCA world."

Simply put, management methodology and the tools and methods that have been used over the last 20 years have not been sufficiently robust to meet the challenges of today's environment. "We have change but we have to have another way of dealing with it", says Hinz.

Hinz first points to managerial repertoire of "taking the crowd" along the same path. "One of the fundamentals of change management is you must have a huge engagement of all the people around, all the members of the organisation. And then most of the change cases fail because of the fact that the leader of the change management fails to take the crowd with them. They left the crowd behind or didn't explain what was going on very well, so that the people did not understand."

He points to the current case of Opel in its talks of a sale to French concern Peugeot. He says that the talks only included management at the very top, so the complaint was immediately about the integration of the workers council.

"In classical change management cases you have to tell the people about what's going on. If you don't tell them, there is going to be some resistance or worse. Even when there is no change management, the basic thing that you have to do is take the crowd with you. You have to inform your community."

A central fault of change management theory is its method of planning. He compares it to the planned economy that was the model under the former East Germany.

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"They tried to have a five-year plan, a three-year plan and so on to steer their economy. The idea was that a central intelligence – a committee – would plan out how everything should behave over the next five years. Change management from my point of view has the same mental model: that we are intelligent enough to plan a proper change project and execute it. Therefore, we will guide you – the people, the workers' council, the participants in the organisation – with the aid of this intelligence."

Hinz says that flexibility is the mainstay today in the real world. Instead of setting plans with fixed targets, plans must resemble corridors with minimum and maximum targets, with the whole organisation oscillating between these minimums and maximums.

Furthermore, he emphasises the concept of "good enough" planning instead of waiting to perfect contradiction-free plans. Again he uses Opel as an example. "In the Opel example, the general management came in a very formal way with a habit of saying 'We don't want to communicate something with the possibility that we can't agree on a merger. It would make no sense to tell the world what we are talking about. Let's wait till we have more facts'." This was a good idea, but did not work, Hinz says.

He points out that people within a company generally have a gut feeling when change is underway. Management's fear of sowing fear or resistance, and therefore attempting to hold on to information – especially in the era of social media – is misplaced.
Hinz's idea is to bring the company into the decision-making process earlier, bringing people rough concepts that are "good enough" but not yet 100 per cent thought through. "Tell the organisation that there is something going on. These are our first ideas. What do you think?"

"The workers are adults. They will know in any case that something is going on. Stop treating them like children. But when management waits until everything is ready, as in the case with Opel, this leads to mistrust, this leads to people feeling abused."

Another point in Hinz's paradigm for change management is the use of diversity among teams. He says: "In the classical change management model there was the idea that if you have differences in your teams, especially differences on the topic of change management you have to smooth them over. Don't talk about differences in the former change management. Talk about what they have in common."

He compares this to a bus filled with people that is trying to make a turn on potential hazardous landscape but everyone on board is looking in the same direction. His idea is that diverse members, teams, and even opposite points of view can be used like the individuals with different perspectives in the large turning bus, to negotiate the difficult terrain. "Every type of person, and his or her different competences, different view of the world, can say: 'Hello! We have to do something different.' Because you never know where the obstacles come from."

Hinz even states that resistance within the company – with either workers not supporting the proposed change or out-and-out resisting it – can be used for overall benefit. "The older view of change management was that if there is resistance you have to deal with it so that the resistance is diminished."

He explains that resistance is the typical phenomenon in change processes. "When there is a new direction in a company or organisation, there will be people who say it makes no sense, or asking what the reason is for the change, or even asking 'What's in it for me.'" Hinz uses as an example his own father, who expresses pride that for his entire professional career he never used a computer even for a single day.

Though resistance is typical, the focus of traditional change management has been to deal with it by arguing over it or even attempting to break the resistance. "When the old management world was focused on a new direction and making a proper plan, if there were people standing on the sidelines or even standing in the way of the new process, efforts were made to push them out of the way."

The new way of change management, Hinz says, is to look at resistance as a message from the workers to the company, and these messages can be used just as diversity can be used for the benefit of the company. "The people or part of the organisation who are resistant to the new idea, they are telling you some kind of organisational truth that you don't have in mind, or that you haven't had in your focus when you went in the new direction."

A lot of energy is needed for an individual or an organisation to begin a new direction, Hinz points out, and the kind of energy used in resistance is negative and non-productive. "The idea of new change management in leadership is that you can seek a change in poles – to use an electrical analogy – changing from negative to positive. It is not to be expected that you will have a pole change if you try to break resistance. You have to deal with it. And there are a lot of methods on how you can deal with it and not break it."

All this – from flexible planning corridors to integrating resistance – can be summarised in what Hinz calls the 3 i's, planning that is iterative, incremental, and interactive. Iterative planning is opposed to the old managerial world where you have a big picture plan or programme which had steps from one date to another date years in the future, with intricate details for the closest steps. This older model is not very agile, Hinz says. "Iterative doesn't mean steps. It's more of sprint for a short distance after which you make a new assessment of the situation.

Incremental planning takes into consideration that Rome was not built in a day. "This is step by step, but not the kind of step process which means that after 3 years, for example, we have a new building. In incremental planning, we would build a prototype of the building and then ask the people who want to live in it, if this is the building they want to have."

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In organisational terms, this means building small concrete and obvious outcomes and processes, presenting them to the organisation say after five weeks, and saying: "This is our prototype. What do you think of it?"

Interactive planning comes back to the point of using diversity. Being interactive requires using a lot of information on the outside world so you avoid group think and blindspots. "In the new change management model, the way you act interactively is with a maximum of diversity with a maximum of professional input from all corners of the organisation. The idea is that we keep the diversity high to avoid blindspots."

OLAF HINZ trains and coaches management/project managers and supports companies in organisational development. Born in 1968, he lives in Schleswig-Holstein with his wife and three sons. After working as a project manager and HR manager for LB Kiel bank, he worked as Head of the Minister's Office under former Minister Peer Steinbrück. Since 2000, he works as a consultant becoming self-employed in 2004. He also lectures at the Leuphana University in Lüneburg and at the Steinbeis University Berlin.