

**Part 1**

**The Genealogy of Change**



## Chapter 1

# INTRODUCTION

This is a book written about managing change for managers working in organizations of any size or type where Western ideas of management are practiced. Thus you may be in the United Kingdom, the United States or Australia where societies have developed from or are influenced by a Western historical and cultural legacy. The central theme of this book is the importance of generating core values, vision and mission within your organization.

It is a very practical book, which has been distilled from our experience in developing core values within a variety of organizations over the last ten years. At the same time we are inspired by Einstein's comment:

*“It is theory which determines what we observe.”*

Our goal is to question some of the central ideas and theories with which we, in Western management, have been brought up. At the same time our goal is also to introduce you to some of the theories of contemporary writers, tested by our own experience, that have the potential to mature and shape your style of management.

We call the first part of our book the *Genealogy of Change*. Our intention is to introduce you to the history of the process by which the 'modern' scientific, psychological and rules-driven thinking came to dominate Western management thought and practice. In this part of the book we introduce material that has not been related to managing change and core values by most other writers.

Globalization favors the universal adoption of Western economic business models, which is desirable and necessary for the development of world trade, but the moment we talk about managing people, the cultural environment,

which varies from country to country, becomes all important. So if, as managers, we are to foster coherent meaning in our organizations, we need to look at our past and bring the salient ideas into a certain order. This is the goal of Chapter 2. You will read about the search for truth throughout the centuries, which will help you to understand why we, as authors, place so much emphasis on meaning.

In Chapter 3, we continue the quest for truth with an account of *modernism*, which is a term used to describe the development since the 17th century until today of the view that society, and indeed organizations, worked like a giant clock. Scientists believed in a universal “truth” and it was widely believed that it was possible to uncover the underlying patterns that would reveal this truth.

Modernist thinking and the systems and structures it generated have been incredibly successful and this is manifested in every aspect of our material life today. Without the modernist mindset we would not be enjoying all the benefits of electronic technology and myriad other inventions that surround us. There is a downside, however, and it is very serious—the assumption that people in organizations should be managed in the same way as inanimate material objects. For many years thinking of people in an organization as an “economic entity” worked, but today society has changed, people have been educated and it is just not acceptable.

There is another way of managing and particularly of managing change and that is what this book is about. In 2005 we went to do some research at the Dalrymple Bay Coal Terminal (DBCT) in Central Queensland, Australia. This was a complex business. It brought into play in an interdependent way, coal mines, railway transport, port management and sea transport. An intricate web of various legal and ownership entities was added to the organizational mix. Basically, we were looking at a very mechanistic environment. Transport carrying coal arrived very regularly. Stacks of coal of varying grades had to be shifted. There was a range of machinery from the vast to the small, and everything in between. Working together were those with comparatively simple jobs and those with sophisticated, technology-driven jobs. In this organization, the then CEO had a vision so unusual for this type of industry that we were motivated to fly several thousand kilometers to see for ourselves. His vision was of an organization as a complex adaptive system. He thought of every person in the organization as an intellectual asset. The individual was to be respected for his or her existing knowledge and wisdom. Moreover, he believed

that every individual had the capacity to grow, to understand the business, and to contribute to whatever it took to compete and win against current performance. Our research was the beginning of our investigation to see just how important relationships were to those in the organization.

Accordingly, we had conversations with every part of the terminal workforce, from the CEO and members of his Executive Management Team, to the superintendents, supervisors, team leaders and operatives “in the field”. It was evident that “caring for the business, caring for each other and caring for performance” were considered to be the “initial conditions”, that is governing principles, from the point of view of people in the organization. Although there were some of the characteristics of traditional organizations, such as structures, rules and regulations, the organization saw itself as a complex adaptive system, each element interacting to produce new and creative knowledge. That every person had something valuable to contribute and share was taken for granted throughout the whole workforce.

Interestingly, while we were reading like-minded management writers, we came across *The Soul at Work* (Lewin and Regine, 2000). The authors studied many organizations that were successful in meeting the challenges of today’s turbulent business world. They found, almost universally that the context of genuine care and nurturing characterized their communication systems.

*It is possible for people to be valued for themselves in the workplace, not just their function; for peoples’ souls to be nurtured and allowed to emerge where they work. In short, it is possible for work to be more than just a job, that work can be fulfilling and a life-enhancing experience, with all its trials, tribulations and thrills. This is precisely what we observed for the most part in the companies we talked to. (Lewin and Regine, 2000, p. 24)*

This description could have referred to DBCT and especially the focus on people and relationships. When we asked employees what were the most important things that would make and keep them committed, the answers were all in terms of values. Having trust, honesty, freedom to act were important. The two values almost universally supported across both management and employee groups were “knowing why” and “being able to grow”. This was a very different experience from the one we talked about ten years ago in *Managing Change: A Core Values Approach* (Whiteley, 1995). In those workshops many employees had not been asked face-to-face what they valued from

their managers and many had not been asked about their values at all. Also, in some cases there was the sense that “knowing about the business” was the business of managers. In contrast, it was clear that the heart and spirit as well as the minds and intellects of the people at DBCT were engaged.

This vivid experience at DBCT seemed to bring together many of the experiences we have had in organizations with the literature on management, which we try to monitor as it appears. Coming from careers where we constantly interact with people, we reflected that many issues and problems we had witnessed or encountered were perceptual and emotional. There were many cases where people became distressed not because of the facts of a situation, but because of the way in which the facts were presented to them.

Some time ago one of our workmates, in his management appraisal interview, heard his many achievements listed and it was then mentioned, almost casually, that his staff thought that he was not too approachable. For many months after that we witnessed valuable energy (not to mention morale) being lost as he constantly revisited the appraisal interview in his mind, arguing with anyone who would listen about how approachable he was. Remember, this was one “negative” remark among many positive ones. Interestingly, his manager either did not pick up the emotional vibes from our workmate or he did not feel comfortable in addressing the emotional fallout from the remark. From our experience, we thought it was probably the latter. Several years later, we were, almost accidentally, able to throw some light on this.

We were conducting the workshops for managers and employees that resulted in the core values methodology. We asked managers to draw a line where they felt most comfortable and trained on the chart illustrated in Fig. 1.1.

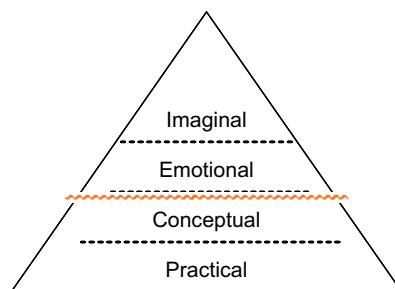


Fig. 1.1: Where managers felt most comfortable and trained.  
From an idea in Heron (1989).

Typically the managers were from many different types of organizations and included males and females, young and older managers. The response, and we have asked this question many times since then, the last time being in 2005, has almost always been the same.

Where do you think the line was likely to be drawn? We were prepared for diversity and heated discussion. To our amazement there was almost unanimous agreement that somewhere around the top of the conceptual area was about it.

In casual conversation during tea breaks and other interactions with managers we found that there was almost a universal fear of “emotional outbursts”. They were to be avoided at all costs. Yet we know from our experiences and those of other management academics that values and emotions were the stuff of everyday life for employees (Deal and Kennedy, 1982; Frost and Mitchell, 1995; Gabriel, 1997; Dean *et al.*, 1998).

This one example illustrates the dangers in presenting even a historical analysis in an uncritical way. We have managers who are not comfortable with emotions and the human imagination. We have organizational designs built on rational and logical lines. We read work on “emotional intelligence” (Goleman, 1995) and “spiritual intelligence” (Zohar and Marshall, 2000) in management literature and still we wonder whether managers will feel more comfortable learning the theory, rather than the practice. They may even apply one of the inventories currently being produced, but be unable to welcome emotion as a positive organizational force. Within this environment we have human beings who are a complex mix of both rational/logical thinking and emotions/human values. Abilities too can range from the technical and scientific to those of discernment, judgment, decisiveness and adaptability. We reflected that we could not take for granted that the production of rules and regulations, organizational charts, roles and responsibilities, held together by chains of command and lines of authority would allow human values and judgment to flourish.

As a result of this sort of reflection, we thought it necessary to set out our own philosophical stance regarding the “true” nature of work and the people in it. As well, it was necessary to share with the reader how we visualized humans, whether they were managers, employees or other key stakeholders in the workplace setting. We rejected the notion of telling the reader “this is how it is” and we became responsible for trying, within the confines of the two-dimensional

medium of writing, to engage in dialogue and sometimes *dialectic* concerning our own ideas and theories. Dialectic as we see it is the presentation of some idea or argument. This is the thesis. Then the contradictory case is presented. This is the antithesis. The objective is to engage in higher level thinking so that these two contrasting and disagreeing ideas or arguments can come together as a new creation that embodies contradiction. If we reached this, we would produce together, a synthesis. We very much prize dialogue and criticism from the reader to enrich the ideas we present in our “conversation”. For instance, in Chapter 6 on *What is change?*, we specifically invite the reader to criticize our two change models, and perhaps by doing so to create improved ones.

More opportunities for dialogue will come along as the book’s “story” develops. We will intersperse our writing with questions the reader might sensibly ask of us. The first question you might well ask is “What do we think is the true nature of work and people in it?” To us, the workplace is a place of becoming. It is a place of potentiality. It is a place that a human being dips in and out of as she or he goes on life’s journey. We believe that organizations are social systems. An organization is a society, a community, a place for people to learn together, share successes and also failures. It is a place of relatedness and adaptivity to others. In other words, organizations are communities of people striving for personal and organizational goals. They help each other along the way and are able, through wise management, to learn and grow as human beings.

Clearly our view is shared by some senior managers. Recently, Marjory Yang, a prominent Hong Kong CEO with 47,000 employees, put this elegantly.

*We want to become a learning organization and the first step is to encourage people to try new things and not be afraid to err. If one does not make mistakes, how can one ever improve? We also try to help those in our communities who are less fortunate...I don't see my mission in life as using my skills in making great cotton shirts. I see my mission in life as using my skills in making great cotton shirts to make my corner of the world a little happier. (Time, 18 July 2005, p.11)*

These idealistic words are a start. To make them happen managers need to understand change for even today, and especially in Hong Kong, very few organizations are able to put this sort of mission into practice. Why? Because

the mindset of most managers is brainwashed by the mental sets of modernism within which they were brought up and continue to work in. That is why this book is important. We show you how historically management got into this fix and we offer you the core values approach which, when used throughout an organization, can change the whole organization as we have demonstrated in the ALSCO case study in Chapter 11.

## 1.1 The ‘True’ Nature of Work and People

Whenever you undertake core values work you always come back to the philosophical stance regarding the “true” nature of work and the people. We see work as a place where social interaction produces meaning. In our experience, humans often act on the meaning a workplace has for them. If people construe the workplace as a place in which they can grow, be themselves and make a difference, they will enact this meaning as they meet goals and targets set by themselves and management. Recently we conducted a change workshop with a nationwide public sector agency populated largely by scientific and technological experts. Amongst their core values were “learning/growing” and “making a difference”. We have come to the conclusion that few humans at work do not agree with the ends of making a difference in their organizations. Problems arise when the means, especially those that attempt to mechanize human behaviors (and perhaps thoughts too) have the effect of “keeping things the same”.

You might then ask “How do we see the human being at work?” We see the person as a holistic being as in Fig. 1.2.



Fig. 1.2: The person as an integrated whole.

Essential to our survival is the logical and rational side of our personality. Without this side, we would probably not be able to leave home every morning as so much time would need to be spent on making the most mundane decisions anew. Also, we would not be as insightful as to the consequences of certain actions as we would be with the “cause and effect” thinking we seem to do almost effortlessly. Almost in counterpoint is the side of the person that is anything but logical and rational. This is our playful side, the side that lets us use our imaginative capacities to try out new (and sometimes bizarre) ideas, which in turn feed our creativity needs.

Our playful side is uplifted by visions, music, art and, almost more important of all, emotions. In the psychology area it is a well-known suggestion that people weave stories about events that happen to them (Mitchell and Katz, 2005). This is an interesting point for managers. It is not always what managers do that causes mistrust, disappointment or cynicism. It is the stories employees weave about their actions. To put it glibly—“what the manager says is not what the employee hears”. We think that there is a lens, based on past experience and evaluation of the manager, through which a message or action is perceived. It is the resulting story, the interpretation put on the message or action that is “heard”.

Many writers play down the inability of our organizational environments to sustain our reflective and interpretive impulses. We need these in order to make sense of our conscious experiences—in other words, to continually reassure ourselves about who we are and what we stand for. As we look at our inherited organizational designs and language we can understand why people used to, and still may, think of themselves as a cog in someone else’s machine. (Terms such as chains of command, control methods, lines of authority, top-down communication and back on track thinking come to mind.) Of course, the machines nowadays are more sophisticated and the language is more politically correct, but have things really changed? We suggest that the reader reflects on the phenomenon of call centers or the automated telephone system (for X press 1, for Y press 2, for Z press 11). We might not be the only ones who feel frustrated and powerless to be at the mercy of an unseen gatekeeper when we hear—“I’m sorry—all our operators are busy. Please call back later”.

There is a psychology to the workplace and we will bring an important aspect of this to you through the work of several authors in Chapter 4. These

authors have one thing in common—they recognize the importance of human beings connecting with themselves in a sensitive and qualitative way.

Pursuing our belief that organizations are “meaning-making” places, we need to ask “What sort of meaning?” Traditionally, senior managers and managers were encouraged to think that the meaning they intended could be imposed by enacting such organizational values as command and control. As we will see in Chapter 3 on modernism, the assumptions of Western culture and thinking have become ingrained in the thinking of managers. These historical, inherited and often practiced assumptions about management contrast with the proposition that meaning can be (and we suggest should be) collaboratively constructed. In our view it should be facilitated by organizational designs based on values of respect for the ability and wisdom of humans at work. Such organizational designs would allow managers to recognize and appreciate the inventiveness, creativity and courage of people with whom they work. Together they could overcome the most difficult of problems. The contrast is sharply drawn in Etzioni’s (1971, 1997) concept of the psychological contract, which we have adapted in Fig.1.3. This is the tacit and mostly un-stated element of the formal and explicit employee contract.

Adapting Etzioni’s ideas, we can see how command and control could operate in a coercive environment. Many of us will remember the 1997 financial crisis in Asia with repercussions around the world, and here coercion could take the form of threatened redundancy. Often driven by fear of consequences, coercive power will, according to the likely psychological contract, attract obedience. Once the power has been taken away, though, obedience cannot be assured. We can see how organizations apply a calculative psychological contract (and this is very prevalent in bureaucratic organizations). They exhibit

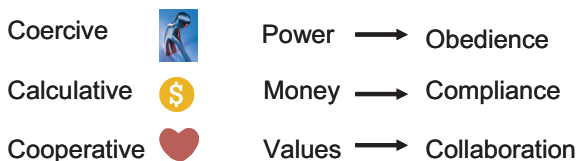


Fig. 1.3: The psychological contract.  
'Adapted from Etzioni (1971, 1997).'

the “buying your time and expertise” value. The relationship is impersonal and calculative. There is the implicit understanding that employees will comply with the various roles, tasks and other undertakings required of them and employers will pay them accordingly. Once again, should conditions change such that organizations will not guarantee jobs or a level of reward, then this may have an effect on compliance.

Different in nature from the first two psychological contracts is the cooperative contract. As the term suggests, there is some sort of partnership implied here. The *doing to* idea is replaced with a *doing with* in terms of employee relationships. What makes the cooperative relationship so different from the coercive and calculative ones is that neither power nor money can buy collaboration. On many occasions we have asked employees about the things money or power cannot buy and whether these are all that important. Every time (whoever the group) they talk about loyalty, trust, integrity, freedom, honesty and such values. Also, with 100% consistency, they say that these are very important to them.

A systemic problem in the coercive and calculative psychological contracts is the need for external control at all times. When power is used, whether this is the power of the job-market or power of disciplinary action, it needs to be constantly exercised. The moment power is taken away, its coercive value is lost. A problem with the calculative psychological contract, apart from the need to keep up the standard of rewards, lies in the compliance concept. Usually, relatively few people develop instructions. In many cases circumstances change, and the instructions are no longer appropriate. This may not be brought to the attention of the originator of the instructions straight away. In the calculative contract, especially in a bureaucracy, an enormous amount of time needs to be put into amending instructions and keeping up to date.

In times of stability, not much product differentiation and fairly long running product lines, some of the problems of obedience and compliance might not matter too much (although we would argue that from a human perspective). However, the 21st century is set to pose problems of a greater variety than ever encountered, as life becomes more technologically colonized and complex. Change can hit us at any time in any place, however secure, and often complacent, we feel at the moment. Boundaries of family, country and culture have become blurred. The familiar anchors that gave us a sense of identity find themselves on the shifting sands of accelerated change in the environment.

The world we live in is perplexing, volatile and uncertain. It can be seen at a glance that the cumbersome methods of bureaucratic management are fast becoming anachronistic, unprofitable and socially unacceptable. This is not the only problem though. Bureaucratic and mechanistic management depends on impersonalizing people in the organization. In our view, what is being thrown away here is the one thing that machines will never have. That is the human spirit of creativity, resilience and caring. Almost at the same time as we see tragedies such as Tsunami waves that destroy whole ecosystems and societies, we see human unity displayed through responses of human beings as they work almost beyond endurance to clear debris, search for survivors and bring comfort and help to the bereaved and homeless.

The truly amazing quality of human beings is their constant adaptability to change. We can take in the extremes of tragedy and good fortune and everything in between and still function to do the things required of us. In other words, change is a constant dynamic in our lives. We swing easily from activities such as surfing the internet to experiencing challenging face-to-face encounters. We seem to be able to think simultaneously of solving problems, developing relationships, doing tasks and even inventing new ways of doing our own or others' tasks. At the same time, in an almost philosophical way, we make sense of life in the organization. We seem to do this naturally, almost without having to consciously think. On the way, we adapt our thought processes to take in new information and jettison those old ways of operating that no longer serve us well. Interestingly, these change responses and accommodations are taken for granted in our private lives. Yet something changes when we come to work. The resilience and flexibility we demonstrate so fluidly in our private lives somehow turns to a reliance on conformity. We often end up performing to others' agendas. External measurements of our performance sometimes take away our ability to self-appraise and learn.

As we unfold the book, we will draw on the unique human "givens" of values, such as caring for each other and showing kindness when others are in need. The givens of requiring from others are trust, honesty, integrity, and a degree of freedom to self-organize.

Increasingly, as we have found in our research, being told "why" things need to change has become an important relational requirement. This inclusion of employees in the "why" of things is not found in all organizations. We have become so used to hierarchical divisions that we forget that these are

human-made constructs. According to the many conversations we have had with employees, those nearer the top of the organizational hierarchy are often nearer to the source of “why” explanations than those lower down. (Note the language of higher and lower—does an employee really feel lower than a manager?) We have become so used to rules, regulations, power positions and their effects on employee freedom that we have almost stopped questioning them. Almost. The fact is, as every manager knows, implementation of strategy, policies and procedures resides within the remit of employees. When the conditions are right, employees have shown themselves more than capable of overcoming great odds to keep the organization going.

Perhaps it is not so much what we *can do* as what we *have done* that has given us the organizational language and culture of external direction. In many organizations we are directed not only by people and the needs of technology but by the many rules and regulations that seek to govern our lives. They do this in such a way as to make change an interruption in the process of regulated and predictable order.

If this were not the case, the concept of change would not even need to be talked about. It would be recognized that change is what we do naturally, day after day. We wonder whether, especially in traditional organizations, change is thought about in relation to the rather inflexible rules and regulations that act as scaffolding to the organization. Where this is the case then yes, change would automatically be seen as a disruption. Ironically, organizations that have integrated their performance, reward, training and financial systems find change the most disruptive. That is because order and reporting have become almost more important than agility and resilience. Read *Prophets in the Dark* (Kearns and Nadler, 1992), which give an evocative account of this syndrome and its dire consequences for the “once-invincible” Xerox organization in the United States.

The other thing we seem to have inherited is a persistence to see life as something to be “proved” in the sense of having a positive and definitional existence. The various accreditation organizations such as the International Organization for Standardization (ISO) adopt an outcomes-based approach to almost every element of organizational activity, although this is changing. Predictably, they place a heavy emphasis on documentation. This implies that the writing-up of an activity somehow makes it true. The logic of such methods often places people in a dilemma. The one most mentioned to us is where, as

time can only be spent once, employees may have to choose between physically serving a customer and writing up a process about how they serve the customer.

Such methodologies fly in the face of the ability to ‘read between the lines’ which we introduce in Chapter 3 as an important contribution from postmodern thought. This is an essential human capability that has saved many a manager from taking things at face value and suffering the consequences. Stacey (1998) talks about ‘shadow themes’. These are mostly to be found in the informal organization, often connected to the world employees inhabit. Here, sensitivity to personal relationships, values of loyalty and camaraderie are important. These are seldom acknowledged in the concrete factual world of targets, standards, rules, regulations and instructions. The shadow themes inhabit a world of meaning where facts and edicts are interpreted in the light of what the workplace (and management) means to employees. In a similar vein Gabriel (1997) talks about the folkloric world. Here employees weave the stories that give so-called ‘facts’ their meaning. She contrasts this with the managerial monologue where managers transmit the ‘facts’ embodied in rules, regulations, instructions and so on. The monologue idea refers to the *talking at* rather than *talking with* employees.

We turn later to the notion of human givens (Griffin and Tyrrell, 2003). They include the need for security, for intimacy, love and resilience, the need to give and receive attention, the need for social support and a sense of community. They also, some would think paradoxically, include the need for control. As our story unfolds, we will see over and over again, how the less objectifiable characteristics of human nature appear as necessary givens in organizational life. Another good source of understanding in organizations other than your own is *Organisational Reality: Reports from the Firing Line* (Frost *et al.*, 1992) who illustrate what emotional and value-laden places organizations really are.

Managing change is complex and challenges the established and traditional practices of management, which are embedded in the language of most management textbooks. We need a new language, or at least an addendum to our everyday language, in order to express concepts of change and establish new meanings. Curiously the new language we have embraced originated in science. You see, cutting edge scientists themselves began to realize from the 1970s that their own thinking was in a straightjacket. This straightjacket was the belief at that time that it was possible, through applying “objective” scientific method to arrive at universal laws and truths about the universe.

Complexity theory has changed all that. Scientists today, should they think deeply about the philosophy of their discipline, must inevitably recognize the human contribution residing in interpretation and meaning, which creates their theories and empirical findings (Knorr-Cetina, 1999). These new theories, which we discuss under the umbrella of complexity theory, are the subject of Chapter 5 and they provide useful and exciting metaphors for us to talk about the nature of change in organizations.

In this introduction we wanted to engage you in a discussion about what is really involved deep down whenever we face organizational change—whether it is a threat or a strategy of organizational alignment to meet market needs. To entice you into this discussion, we have shared with you our personal thoughts, the direction they took and the perspective which emerged and lies at the very heart of the organization of this book.

## 1.2 Synopsis of Chapters

### *Part I The Genealogy of Change*

#### 1 *Introduction*

#### 2 *Philosophy and Business Management*

Early Greek thinking provides the first part of our story with a special focus on Plato and Aristotle. This is followed by reference to the Enlightenment period of the late 1500s–1600s. Enlightenment thinking was a powerful way of theorizing about industrial organization in the industrial era that followed. In essence a scientifically oriented, objective way of looking at life, including social and organizational life, was developed. It became, as we discuss later, a blueprint or “grand narrative” that was so powerful that it slipped from consciousness and became “the way things should be done”. What we aim to do here is to provide food for thought about whether we are still caught up in this way of thinking to the detriment of acknowledging the dramatic and imaginal richness of life in organizations as well as issues of spirit and soul.

#### 3 *Modernism, Status Quo Thinking and Postmodernism*

In this chapter we describe modernism, and status quo thinking with its emphasis on structures, systems and processes in a regulated environment. We

contrast this with postmodernism and in particular, we advise the manager to engage in deconstruction activities. He or she can address some of the seemingly inviolable mechanisms used to keep order in organizations. We select two postmodern ideas as being important for managers. One is “reading between the lines” and the other is the practice of decidability or closure. We provide a “summary so far” of Chapters 1, 2 and 3 and we introduce our solution to the use of modernist language in organizations. We have translated some management issues into language and designs suggested by complexity theory.

#### 4 *Spirit and Soul*

We revise the effect of scientism in terms of creating boundaries around the self at work. The alienating effect of the formal organization is, we propose, offset by the shadow themes and relational focus of the informal organization. Because of expectations of stability and maintaining equilibrium change, we can introduce stress and we equate this to a hurting spirit. We discuss human givens, that is needs that all human beings have and also the resources they bring with them. In particular, we discuss attention needs. We present Peter Frost’s work on toxic emotions and the need for compassion and empathy. We bring stories from writers about organizations where soul and spirit go alongside organizational success. We conclude that it is not possible to adopt a complexity approach to organization, such as we describe in Chapter 6 if people are not considered in a holistic way.

#### 5 *Complexity Theory and Managing Change*

The purpose of this chapter is to discuss managing change through the use of complexity theory language. Emergence and self-organization promote change as a natural force. Language and concepts from complex adaptive systems, chaos and quantum thinking are used to move from the either/or thinking of scientism and modernism, which are discussed in Chapters 2 and 3. Contrasts are made between a modernist thinking cycle and a complexity thinking cycle. A model of management is presented that includes core values as a strange attractor and mission as the organizational “cause”. People are organized as self-referring groups building on the fractal concept of self-similarity. Structures, systems and processes move from a position of centrality in the organization to one that supports the needs of the vision, mission and self-referring groups.

## *Part II The Theory and Practice of Change*

### *6 What is Change? A New Model of Change*

Building on the theories in Chapters 2, 3 and 4, we present a model of change that contrasts two ideological views. Managers represent the rational and empirical face of the organization. The foundational thinking is of stability, prediction and control. Employees represent the relational and intuitive face of the organization. The foundational thinking is that of social interaction and negotiated worlds of meaning. These foundations are used to construct a model of change, moving from the systemic level to the strategic one in each foundational situation. So far the model is dualist in nature. We then employ a “duality” concept where the foundations of both traditional management and informal employee thinking can come together in a synergistic way. We call this “Third Wave Change” which we believe will be the future for successful and sustainable change in organizations. The workplace within this paradigm would be one where the spirit and soul were accepted and respected as legitimate within the work environment.

### *7 The Core Values Model*

Here we introduce the elements of the model that is a prelude to the core values method. We describe the need for managers to investigate personally what employees value most from them as well as the need for employees to find out what managers actually value from them. We argue that very often in our change workshops, managers told us what they assumed employees valued. We went on in all cases to find out what employees themselves said they valued and very rarely, if ever, were the assumptions (both ways) correct. We describe vision, mission and strategy as the fulcrum of change activities. We present a method for strategic choices and impact analysis. We go on to describe the place policies have in the change process. We introduce the PATOP diagnostic model, which we use to demonstrate the need for alignment of the organizational “talk” and “walk”.

### *8 The Core Values Method*

We begin by sharing some ideas and knowledge gained in the last ten years. We introduce the idea of employee as an internal customer and the notion of employee expectations playing an important role in organizational “buy-in”.

An organizational socialization model is presented. Characteristics of the organizational “product”, as perceived by employees, are presented. A consumer buyer behavior model is presented to draw attention to the need to encourage employees not to explore other alternative “products”. A discussion and hierarchy of the involved manager is proposed. The need to release the emotional and imaginal when managing change and core values is discussed. The core values method is presented. A creating shared values process is outlined and core and key values are differentiated. Examples of real-life core values are presented as each group, managers, employees and customers contribute their core values. Two very different examples, a green field site and financial services organizations, are described.

### *Part III Implementing Third Wave Change*

#### *9 Changing Mindsets*

Successful culture-building needs senior management’s resolve to bring employees into the self-management game. This entails recognizing employees as decision-makers, and especially about the decisions regarding what they really value from management. We talk about changing mindsets from a task, social and cultural perspective. We discuss the problem of the management filter, using McGregor’s Theory X and Y to show how vision, mission and strategy might be reinterpreted through the management theory filter. We introduce the KASVAL model (knowledge, attitude, skills and values), which considers change as a constant dynamic. We describe the concepts of inclusivity and communication and show their importance to change initiatives. The manager is seen as a co-creator of shared worlds of meaning.

#### *10 Culture-building and Culture-binding*

As the title suggests this chapter focuses on postchange program issues. A model of culture-binding is presented and the two perspectives of the formal and informal organization discussed. We talk about the value of reinforcing activities and the power of future events to either change or reinforce existing mindsets. We mention, as we see in Chapter 7 the danger of the management filter if it does not reflect the spirit of culture change. We introduce the idea of intangible, but powerful culture-binding tools. We discuss symbols and

symbolic behavior in some depth as these are not well represented in formal management activities. Heroes can be identified who demonstrate core value behaviors. Rituals are discussed at some length and the notion of manager as designer of rituals is discussed. Stories are most often found in the informal side of the organization but they can be powerful management tools for reminding employees of core values.

## *Part IV The Core Values Method in Practice*

### *11 The ALSCO Case Study*

In this chapter, we present a living case study in which the author was closely involved. It began in 2003 and the champions came from senior management and the CEO of ALSCO, Australia. This organization exemplifies the very best practice in organizational change. As the story is told, you will see that this is a successful organization but one that has recognized that success, and in this case through expansion, brings with it the need for change.

Our contribution is to show readers what the inside of a change program looks like. Instead of saying “and there was full participation”, we have illustrated what happens when people work together to arrive at core values. For a change program to be successful, values must be translated into behaviors that are developed together as a way of “living the values”.

With this in mind we have included extensive data from the ALSCO workshops to demonstrate the sort of ideas and inputs that came from participants at every level in the organization. We show how the data are used in the organization. They are used in two ways: one is that contributions are owned by those affected by change, and data are also used as a repository of knowledge that managers and team leaders can build upon when designing their own processes for implementing the core value behaviors.

This case study shows that the core values method is proactive and sends the message to readers that the future can be designed to fit the needs of the organization.

### **1.3 Questions for Discussion**

1. Debate two schools of thought. One is where you sell your time for money so you should look for personal growth and fulfillment outside of work.

The other is that you spend more time at work than at home so you want your time at work to be as fulfilling as possible.

2. We mentioned conversations where we asked employees what money cannot buy and whether this is important. How important do you think trust, integrity, honesty, freedom and such things are important in the employment relationship? A subquestion is how, if you were an employee, do you think you could make your manager aware of the things you value over and above money and conditions?