A Self-Reflective Study of an Immersed Practitioner’s Experience

THE IMPACT OF CHANGE ON A LEADER OF CHANGE

A thesis submitted in (partial) fulfilment of the requirements for the degree of Doctor of Business Administration

Jacqueline Anne McCann
B.Sc(Hons), M.Bus(Mktg)

Graduate School of Business
Business Portfolio
RMIT University
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Declaration

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the thesis is the result of work which has been carried out since the official commencement date of the approved research program; and, any editorial work, paid or unpaid, carried out by a third party has been acknowledged; and that ethics procedures have been followed.

Signed:.................................................................

Jacqueline Anne McCann

Date:.................................
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1. Abstract

This thesis sought to go beyond the mainstream of academic research to uncover a perspective different to what Reason (2006, p188) termed the “dominant quantitative hypothetic-deductive research” approach in order to add real value to the professional practice of change managers in the 21st century.

As a change manager, the researcher realised that a quantitative research approach, while producing useful data, would not offer the depth and insight she considered was necessary to provide a significant contribution to professional practice, as is expected from a thesis of this type. Paradoxically given her scientific background, this caused her to adopt the challenging qualitative research strategy of an immersed practitioner in a modified action research methodology. Through this research she paralleled her action as a change manager with her research into the process and impact of change on herself as a change manager. Consistent with Reason’s (2006) view of action research, she started with what concerned her in practice by presenting the issues from real life experience.

The journey commences from the uncommon ontology (at least in business circles) of the researcher’s background as a Quantum Physicist. This enabled her to apply a perspective that viewed change and ambiguity as states to be ‘lived with’ rather than ‘managed’. The self reflective process resulted in the researcher moving progressively from a quantitative scientific approach to what appeared to be a diametrically opposed interpretivist approach.

While the researcher recognises the difficulty of seeking to generalise from a single self-reflective journey, the thesis is presented as a narrative describing her
journey through three case studies of change as a means to enable the reader to vicariously experience what Dyer and Wilkins (1991, p634), describe as:

“the relationships and ideas which emerge and (to) understand and remember the complexity longer than if they had been presented as a formal construct in statistical table format”.

From this narrative the researcher presents a tentative conclusion that her experience may not be unique and indeed that any change practitioner needs to adopt the mantel of a change leader rather than a change manager. The flexibility that comes with leading change by accepting ambiguity rather than trying to manage it as if it were a linear process enables adaption to changing situations. If this conclusion can indeed be generalised it suggests that change leaders need to, first, understand that there is more than one ontology (or paradigm) from which any change process may start. Second, and arising from the first, whichever ontology one starts from, it will create its own epistemology (or knowing). Thus leaders of change need to be able to recognise the ontology from which they commence and the limitations that poses, understand that others will start from a different ontology and that this will present challenges, and finally be prepared to develop ontological flexibility to deal with these challenges. They should therefore be prepared for their own ontology to change during the change process.
2. Introduction

2.1 The Research Question

The question posed in this thesis is:

“What is the impact of change on a leader of change?”

There are many ways to pose this question and many sources of data that could be collected to answer the question. It would, for example, be possible to use existing models of change and test them in a new environment or modify them slightly to support their further use. However this thesis sought to engage in research from the view of an immersed practitioner to uncover a perspective different to what Reason (2006, p188) termed the dominant quantitative hypothetic-deductive research approach.

This approach was chosen in an effort to add value to the professional practice of change management of the 21st century in which managers are dealing with the challenges of global competition, information sharing capacities of the internet (both positive and negative), and cultural change in business.

The original intent of this project was a quantitative study to measure the impact of change on change managers through the use of easily measurable factors, such as:

• how many change managers choose to stay or leave at the end of their projects, and why,
• how many change managers go on to establish independent change consultancies, (and why),
• how many change managers consider their change project to be successful, (and why).
However, as a change practitioner, the researcher realised that while this would add quantitative data to the body of knowledge, it would not satisfy the desire for deeper exploration of what change actually occurs for the leader of change. This realisation caused her to explore a more qualitative research methodology through which she could undertake action research. The approach eventually decided upon was to undertake research as a participant observer (immersed practitioner) in which she could parallel her action as a change leader with her research into the process and impact of change on those employed to lead the change. It was this approach that she felt could add more value to professional practice. This required a modified action research approach in which narrative was used to explain the journey of the immersed researcher/change practitioner through three deep case studies. These case studies have the attributes of authenticity, plausibility and criticality necessary to make them useful and convincing for other partitioners (Golden-Biddle & Locke, 1993). This is consistent with the view that action research is first and foremost practical and about how we make sense of experiences and accounts (Reason, 2006).

A further influence on the research was that it starts from the uncommon ontology (at least in business circles) of the background of the researcher as a Quantum Physicist. This enabled her to apply a different perspective to the change process, a perspective that views change and ambiguity as states to be accepted and 'lived with' rather than 'managed'. While this resulted in an initial alignment between the positivist scientific and economic approaches to organisational change, the journey as an immersed practitioner in an action research process resulted in the researcher moving progressively further from her initial objective of using a scientific research approach to what initially appeared to be a diametrically opposed interpretivist approach. This created the first challenge (and understanding) for the researcher/change manager, that is, that there is a spectrum of possible approaches (to change as well as to research about change) between the positivist and the interpretivist. To see these as two
extreme points with a spectrum of possibilities between them was an important learning for the researcher/change practitioner.

The key to the process of change thus became, first the ability to recognise and understand the organisational ontology (or paradigm) from which any change process is viewed initially and second, to understand the influence of this on the organisational epistemology (or knowing). This then created a third element, that understanding the first two points have implications for how the change process occurs in practice (the doing).

This realisation resulted in the researcher recognising reflective practice as central to the change process. As Smith (2001) points out, reflective practice does not come naturally to most managers and executives. In this case it required the researcher to learn a new skill and develop a new perspective to assist her to become ‘ontologically flexible’. This experience suggests that other leaders of change may need to consider this skill, and, in the process accept that they themselves may expand or change their worldview. This requires a new perspective to assist the change practitioner, and the organisation in which they exist, to reduce their fear of (and resistance to) change, that is to become what the researcher terms ‘change resilient’. It is this perspective that the researcher feels makes her research a significant addition to the professional practice of change practitioners and the organisations that employ them.

Accordingly, this thesis did not set out to offer a set of statistically supported results to be extrapolated to every change program or change manager. Rather it set out to illustrate, through the journey of an immersed practitioner through an action research approach in three case studies what she considers can be regarded as useful business parables. Reason (2006) tells us that action research requires us to make choices in our approach and then to consider the consequences. The choice in this research was to use personal experiences to add context, meaning, emotions and real depth for the reader to ‘plant seeds’ in
their minds relating to their approach to change both personally and organisationally.

The researcher acknowledges the concern in some quarters that this approach is in some way less valid than a positivist approach, indeed this was an initial source of conflict for her. However, in seeking to allay this concern both for herself and others, the researcher acknowledged the argument of Dyer & Wilkins (1991, p618) that:

“If researchers apply the paradigm of hypothesis testing to case study work without the goal of telling good stories, they are likely to miss both the calibre and the quantity of theory we have seen result from classical story-telling through case studies”

This led her to conclude that the value delivered by this thesis is that, while it may be less common and more controversial, such a research approach is also more capable of engendering debate and exposing different ontologies that may lead to further consideration or reflection by the reader on their own experiences and approaches to change.

### 2.2 Differing views of the world

As a first step, the researcher identified the works that have emerged from both the world of the business practitioner and that of scientific theoreticians. Speaking of the business world, Bolman & Deal (1997) state that people see the world in different ways through filters or frames. Referring to the scientific world Kuhn (1962) talks of the different paradigms through which people see and filter information. These filters are determined by their ontology (paradigm or worldview), personality type, experience, age, education and everything else that makes an individual unique. Bolman & Deal (1997) argue that some of these views may be grouped into classifications or caricatures and identified as four frames that suit the business world which they label as structural, political, symbolic, and human resource.
These frames or paradigms guide business in terms of what information is accepted as being useful, valid, and/or worth investing time in exploring. They also influence what people ignore or exclude from the data used to analyse and make sense of the business world.

In research terms this is similar to saying that a person’s ontology determines their epistemology or the filter that assists researchers to decide what is acceptable data/knowledge.

These filters then help people to maintain a sense of stability and predictability about reality as they see it. They help people screen out what is not important in a world where they are bombarded by enormous quantities of data, noise or random occurrences.

Relating this to business organisations, Bolman & Deal (1997) suggest that a good manager should be able to relate to others who view the world through different frames. This is achieved by developing an understanding of what people variously see to be important and acceptable knowledge and how they make sense of the world. The theory requires managers to recognise that some people may be ignoring or filtering out information that others see to be critical. This means that informed business choices or important decisions need to be based not only on what information is available, but also what of the available information is considered to be valid. That is, it recognises that the different frame from which people view the world can present a significant difference in strategy development or decision-making.

This becomes crucial when the manager is responsible for aligning actions with desired organisational outcomes, as is required of change managers. Accordingly, it is important that frames are understood in order to move outside individual boundaries to achieve the desired outcome in the collective. A good change manager needs to have an appreciation which is as broad as possible of
the impacts of filtered views. This can be as simple as providing information in a suitable format, or establishing a forum where different views are expressed and supported. This assists the development of a broad set of inputs into key decisions to ensure they are made in a new way and not within the limited worldview of a single manager.

This concept of the appreciation of the existence and legitimacy of different frames through which people view the business world conflicts with the scientific view of Kuhn (1962). He suggests that rival paradigms are incommensurable, and it is not possible to understand one paradigm through the conceptual framework and terminology of another rival paradigm.

It is the researcher’s view that both perspectives are relevant when seeking to understand and manage change. Some people, organisations, political parties, religions or even countries will steadfastly reject information which is inconsistent with their worldview (Allison & Pomeroy, 2000). They will therefore remain blinkered and focused only on what fits with their belief system, and will, in many cases see this as strength. This may reduce the effectiveness of the practitioner trying to lead a change process in that environment.

Ideally, a change manager should be able to navigate and communicate with both of these types and so needs a broad perspective with relaxed boundaries that accommodate many possible worldviews. This will allow them to accommodate many management styles and expectation and requires flexibility of viewpoint and facilitation throughout the change process. They need to develop a type of ontological flexibility so they can view the world through the eyes of others in order to steer the organisation to a successful outcome.

2.3 The contribution of Knowledge, and Knowing
Traditional Twentieth Century economic theory views organisational change in terms of a traditional cause and effect model in which past practice has caused the current situation and which in turn will produce a future effect. It is this approach that underpins business strategic planning. The approach is built on the premise that an organisation can reliably predict the outcome of strategy implementation based on past outcomes, analysis of the current situation, following simple rules, and putting in place measurements of progress against objectives (Porter, 1980; Mintzberg et al, 1998). In other words it assumes that an organisation can rely on the fact that each time it initiates the same type of change this will lead to the same sort of outcome. It is this thinking that underpins business tools such as the SWOT analysis, Mintzberg et al’s (1998, p26) process to identify business strengths and exploit opportunities (S & O) as well as to minimise the impacts of weaknesses and threats (W & T).

While experience with the implementation of this tool is mixed, with outcomes often being only partially realised or realised only as short-term improvements in competitive advantage (Porter, 1980), typical organisational response to such failures is to blame imperfect data, or changing environments.

An alternate explanation is provided by Pfeffer and Sutton (2000) in their identification of a gap between knowing what action needs to be done and doing it. They term this the Knowing-Doing Gap (KDG) and explain that this is caused by differences in management practice and perspectives that impact on the performance of individuals, and in turn the collective.

The solution they suggest is to undertake a simple Gap Analysis to assess the magnitude of the problem (the gap between knowing what needs to be done and resourcing and implementing the action). This then raises the importance of acknowledging the different forms of knowing, principally the tangible, codified form of knowledge that can be easily captured, measured and quantified. It is this form of knowledge that is relied upon in SWOT analysis. However, there is another form of knowledge that is the product of personal experiences, and of
human emotions. This is referred to as tacit knowledge. It is intangible and thus is not easy to identify, quantify, measure or compare over time. Allee (1999) explains tacit knowledge as being built into the culture of an organisation that is then communicated through ‘stories’ which are constantly told and re-told as they develop. It thus has a dynamic quality that is not easily captured and codified. Allee (2003) states that the only way we know we have learned anything is when our story changes:

“People learn best when they get to do something and then talk about it, telling the story of what they just did, so that what they ‘learned’ becomes a new story, a new language” (Allee, 2003, p135)

As tacit knowledge has no measurable validity it is often discounted, or rejected for the purposes of planning strategy or actions.

In summary, the adoption of a traditional cause and effect linear approach to business analysis and change processes has identified tools such as the SWOT analysis. When outcomes that were not expected from the SWOT analysis began to emerge, these were explained away by gaps in knowledge and practice (KDG). However this still fails to acknowledge the importance of tacit knowledge. It is this latter form of knowledge that requires a more in-depth study of the journey taken by people within organisations, the narrative that underpins the journey, and the tacit knowledge developed and shared. It is this realisation that assisted the researcher in her adoption of the self-reflective immersed practitioner in an action research approach to change.

2.4 The Continuums exposed

In seeking to explore the research question the researcher adopted an approach that recognises what she termed ‘upstream’ factors. These factors are the starting conditions for the individual and the collective worldview, in other words the ‘baggage’ that needs to be known to be addressed. Here the question becomes ‘what causes the acceptance or rejection of knowledge or actions?’
These upstream factors are useful in determining the ‘downstream’ questions of what has made change successful or otherwise, or what factors have made on individual keen to embrace innovation and change and another (in the same team) fearful of it. The researcher expresses this as a desire to explore the gap between cause and effect, doing and reviewing or measuring (reflecting) and how the absence of this phase may lead to repetition of problems rather than to their solution.

In other words, in order to answer the question the researcher adopted a modified action research methodology using self-reflection as an immersed change practitioner in her journey through three different organisational contexts (identified as case studies). The research findings demonstrate the journey taken by the researcher from an upstream (but at the time unrecognised) paradigm (or ontology) and follows her journey downstream as she uses reflective practice to engage in metanoia, (or a shift in mind) (Senge, 1990, p13). It demonstrates the dynamic and changing context of the tacit knowledge the researcher gained over time, through an in-depth description of the ontological journey in which she was engaged. This shows the complex way in which practice and reflection impact on ontology and so influence the next steps in the journey. The research is presented as a concept of continuums used to explore the co-existence of extreme paradigms.

In so doing the researcher taps what Dyer & Wilkins (1991) acknowledge as the value of the richness of the detail provided in the description of a journey. This in turn provides the basis upon which the immersed practitioner can reflect on their own experience. In so doing the researcher recognises that, while no two change practitioner will follow the exact journey, there is value for one’s own practice in reflecting on the experience of others. Accordingly an authentic example of how the process of change did impact on a leader of change is presented, with the expectation that this may not be a singular phenomenon.

The structure of the thesis is outlined below, as three simultaneous journeys
• The change journey Phase One – The duality of the theory-practice nexus, a journey in theory and practice
• The change journey Phase Two – The Positivist to Interpretivist continuum, a journey in methodology
• The change journey Phase Three – Three self-reflective inquiry case studies illuminating the journey of the change leader
• The change journey Phase Four – A review of the learnings for change practitioners and implications for further research

The first two continuums explored in Phase One describe an awakening resulting from a growing level of awareness and dissatisfaction with the limitations of classical economic theory and knowledge management (the starting point for the researcher) to explain and advise organisational change.

The researcher recognised a growing sense that inquiry based on the worldviews inherent in these concepts would not deliver answers to the research question posed. A review of the literature led the researcher through an evolution (described here as a continuum) of theory from classical economic theory through the resource-based view (RBV) (Wernerfelt 1984, 1994) and thence to dynamic capabilities (Eisenhardt & Martin, 2000). This lead to a second continuum from knowledge management and the protection of codified data to the concept of social capital and the sharing of tacit knowledge in social networks (Allee, 1999; Nahapiet & Ghoshal, 1998).

This theoretical journey (later complemented by a practice journey), in turn lead the researcher to examine her own worldview. This had a significant impact on the development of a methodology and research strategy for this research.

Phase Two traces a gradual change, as the immersed practitioner progressed from an assumption of reality as a concrete and easily measurable concept to a more complex understanding of socially negotiated realities. This is consistent
with the broadening view of value inherent in the social fabric or culture of the organisation (in the intangible assets and tacit knowledge) illustrated in the previous Phase.

The last continuum in this chapter to be explored is consistent with the expansion of the researcher’s ontology and is incorporated into the style and format of the research strategy adopted (dynamic abductive pragmatism) and self-reflective narrative case studies.

Ultimately the conclusion combines an overall reflective integration of what was learned, observed and concluded from the ontological expansion that resulted from the exploration of these continuums.

2.5 The Practitioner’s World

Phase Three explores the journey taken by a change manager through three different lived-experiences as an immersed practitioner. The first is based in an organisation where the change was an exploitation of the opportunities presented during the dot com boom of the late 90s. It was driven by the desire of a Public Company for long term market share and profitability. The second is the opposite, a Division of a large Public Company that had failed (some years post-acquisition) to deliver the integration benefits modelled and was out-of-sync with the market trends and emerging technology. The third is a different scenario in which organisational change was deemed to be necessary in the public sector where social capital was recognised and valued, but stakeholder expectations were of a more tangible nature. These three cases allow the immersed practitioner to compare and contrast her experience as a change manager in differing settings.

The key similarity in all three examples is the fact that the researcher recognised that as a change manager she existed within the organisation undergoing change and was thus affected by the emotional issues of all those affected by the
change. This realisation would not have been possible using a purely quantitative survey of change managers.

However this is not a study of what went well or what went wrong in each of these cases. Rather this is a study of the journey taken by a person assigned to manage change in three businesses, and her growing recognition of the need to lead the people through change in ambiguous situations rather than try to manage as if a controlled linear process was possible. In so doing the researcher presents her observation and reflections on how the process of participation or immersion in a change transition process, impacts on the individual who is required to manage the change. It illustrates that the need to report on results and continuously check and re-align processes requires the change leadership skill of interacting on a social level with those on whom the process is being imposed. As a consequence, the change manager not only needs to become a change leader and then to recognise that they themselves will be exposed to the emotional and cultural fall-out.

A Board or Executive management team in any company will only put an important change project in the hands of a trusted employee (if not using an exclusively externally-driven consultant model). These employees are trusted to interpret objectives, make decisions and report on progress in the manner required. It is not unreasonable to assume that they will be expected to do this using the same simple rules of 'building shareholder wealth' by which every Board in the private sector is driven. This is the common framework and as such they should be able to make decisions and recommendations for the good of the business and shareholders and not be affected by the emotional content of transition for change recipients.

There will be different drivers in the Not-For-Profit sector, these may be more diverse and less focused, depending on the nature of the organisation, and their increased sensitivity to the inherent value in the people (many survive on the 'good will' of individuals as donors or volunteers). It may well drive them to
employ a third party who has been previously uninvolved as a means to ensure that they are able to make decisions and recommendations for the good of the organisation and stakeholders and not be affected by the emotional content of transition for change recipients.

However, as will be shown in this thesis, taking this approach has limitations that can adversely affect the change process and the ability to reach a desired outcome. The research explores the challenges and ultimately the impact on the change leader of living up to such expectations. It identifies the limitations of a change manager who tries to remain dispassionate and unaffected, and at the same time is exposed, at a very real and personal level, to the interpretations and responses to change in the recipient population. The conclusion reached is that this requires a change leader who is themselves prepared to change.

2.6 Challenges in this thesis

The narratives presented here, structured as the journey of an immersed practitioner, are illustrative of the existence of the Knowing-Doing Gap (Pfeffer & Sutton, 2000) but at a much deeper level than identified previously. In this deeper process the importance of reflection is exemplified, particularly reflection on the causal or upstream factors or inputs/starting points for the change manager and the organisation in which they are working to implement change. These factors will determine the degree of ‘knowing’ that can impact on the effectiveness of decisions made in the change process in achieving desired outcomes.

The journey of the immersed practitioner is presented as three modified, deep case studies of an individual’s experience of change programs. The cases demonstrate three different settings, and result in different degrees of change for the immersed practitioner, with the degree of self-reflective change increasing with each new experience. The accumulated learning lead to a disconnect for
the researcher between the standard organisational worldview and that of her as an immersed change practitioner.

The journey questions the economic assumption that human beings can be ‘rational actors’, even if they start along the journey with that intention. As outlined in Phase Four this is not a simple story of cause and effect, but a narrative of clues and possibilities which help form a more fulsome guidebook to assist a change manager to expand their perspective and approach to become a change leader.
3. The Change Journey – Phase 1

3.1 Introduction

This chapter seeks to explain the journey taken by the author as an immersed practitioner/change manager using self-reflection associated with action research. Given the iterative process of action research this description is by nature messy and represents an unfolding of theory and practice simultaneously. This messiness becomes apparent as, upon reflection, the researcher found that not only was she the change manager but the very nature of the change process required her to undergo personal change. This resulted in a fundamental re-conceptualisation of the theory upon which she had built her concepts of strategic business processes, leadership and thus of her professional practice. It also required her to reflect on the fundamental ontology upon which her view of the business world was based.

Reason (2006) tells us that the process of inquiry in action research is at least as important as the outcomes and that everything may change in the course of a study – the questions, the methods, the purpose, the practice, the knowledge and what is important. This means that this approach does not lend itself to a programmatic or structured result and that the researcher and the reader must be prepared for an emergent, journey-like story reflective of real, lived-experience rather than a clearly defined report of subjective observations and data analysis.

Therefore, attempting to record this story of messy changes in an organised, linear, systematic manner has been as challenging as the journey itself. Accordingly, while recognising the need for some systematic representation, the reader is asked to ‘bear with the chaos and ambiguity’ that this journey requires,
and suspend judgment until the outcome is revealed. In order to provide some guidance, the unraveling of this journey is presented as follows:

This chapter presents the theoretical journey in concert with the practitioner’s journey as she comes to the realisation that there are multiple continuums to be navigated in the sense-making process and that the ability to navigate these to be at the right spot for the right situation is a skill that must be developed for successful change management.

Firstly the chapter explores the boundaried world of the economists as the basis of many common tools for managers, and the basis of the starting point in the ontology of business practitioners. These boundaries are then expanded with discussion relating to the Resource-Based View (Wernerfelt, 1984) which expands the horizons of the economist to explore intangible assets and sources of competitive advantage which go beyond the simple, measurable and tradable commodities they are accustomed to owning. This creates a first continuum from a standard economist’s view of the world to that of ‘Dynamic Capabilities’.

This relaxing of these boundaries highlights the necessity to understand the concept of knowledge capital as a tangible and intangible asset of the community of which the organisation is a subset. How this knowledge is shared, accessed, protected and nurtured leads to a necessary discussion on social capital (reconceptualised as ‘energy’ in this thesis). Thus a second continuum of knowledge management principles evolving to include the concept of social capital emerges.

The chapter immediately following this theoretical journey parallels the structure of this chapter in that it presents the methodological transition required by the researcher in change to support this reconceptualisation. This required a fundamental move along an ontological continuum in which her underpinning positivist paradigm evolved to an interpretivist approach.
The modified self-reflective, immersed practitioner, action research journey proceeds through three case studies that reflect how the change manager is in the view expressed by Hussey & Hussey, (1997, p65) employed “to enter into a situation, attempt to bring about change and to monitor the results” and as such is the embodiment of the action researcher. These cases illustrate and inform the changes in theory, practice and ontology presented through the researchers (interpretivist) presentation in the following chapters.

Finally, the journey from change manager to change leader combined with the theoretical and ontological journeys, culminates in a reflection on the learnings accumulated.

Before introducing the theoretical journey, the next section presents some definitions of change and the mental maps that influence our reaction to change.

### 3.2 Some definitions

Change as described in this work, relates to planned organisational responses to external influences in the market-place or the competitive landscape (locally or globally) (Abrahamson, 2000). These could be shifts in company ownership or shareholder demands, in technology or the emergence of new products, or in regulatory frameworks or legislation.

Most of these changes will have an economically quantifiable impact on a business that can be measured and used to model future possibilities resulting in potential re-alignment of the organisational objectives, resources and structure (either major or minor). At one extreme this may be in response to a crisis where change is necessary for survival, at the other extreme it may be to take the opportunity to explore and exploit new products, markets or processes to enhance results in the short term.
This type of change is usually driven from the top-down, commonly by those in senior finance roles or those influenced by these roles (Stace & Dunphy, 2001, p64). Plans will be made using common tools where decisions are made with the information on-hand. The literature indicates that such top-down change programs are often unsuccessful, with one estimate being failure rates of up to 70% (Balogun, 2006) due to a range of unanticipated outcomes and unintended consequences. The real failure rate could be substantially higher as many organisations will claim in retrospect that their change process was successful to ensure they maintain faith in management – stating that outcomes are better (which could just mean different) than at first anticipated.

Add to this the fact that there is no standard way to approach change, and there is no one all-embracing, widely-accepted theory or set of guidelines on change (Dunphy, 1996), so there is significant room for error in approach.

Bridges (2002) claims this gap is because, while change is situational and can be modeled, people have to transition through an, often lengthy, psychological process in order to come to terms with the situational change. Moreover the transition process is unpredictable, different for each individual not possible to model, and, in most cases, difficult to manage. Failure by organisations to understand this has led to the change recipients (as the general population of employees is often referred to) being seen as “resistant, foot-dragging saboteurs” (Balogun 2006, p30).

While it is recognised that for any organisation to survive it must be prepared to constantly re-align with the external environment, in order to ensure better than the suggested 30% success rate it is necessary to understand the people and the behavioural factors that may lead to the unintended and unwelcome outcomes described.

This thesis uses the term ‘Business Transformation’ to embrace both the process of change at the organisational (structural) level and the transitional change at
the individual (behavioural) level in the small number of cases presented. In other words, the thesis recognises change as not simply a single ‘set and forget’ situational project but rather a process of preparing an organisation for response to immediate change pressures that will transform processes and people and the potential of the organisation (including the inevitable future re-alignments on a macro and micro scale) so that both the organisation, and the people within it, become change-resilient. This is presented as a concept of a sustainable model of change reducing stress in uncertain or dynamic settings.

The thesis recognises that leadership is a complex concept that is difficult to define. Goleman et al (2002) tells us that leaders are those who know how to engage us emotionally and their success depends on how well they do this. In the context of the research question, this thesis describes the person or persons who are employed to be the driving force of change, the project managers required to keep the change process moving at a targeted pace. In some organisations these will be described by titles such as Project Managers, Change Managers, Business Transformation Managers, or other similar managerial titles. These individuals may be chosen for their project management or strategy delivery skill sets and are not necessarily screened for people-leadership qualities. In some situations change will be lead by the CEO or senior management, who will themselves participate in the transition. In other situations change will be ‘decreed’ from the top with a trusted member of staff assigned as a proxy or project driver with sufficient autonomy to facilitate the change. In yet other instances external consultants will be employed to analyse the business, design, and in some cases implement, a change program (process). Of course a combination of all three approaches may be used with working parties or project teams formed to progress the necessary change.

Just because they are employed to manage change programs does not mean that these individuals are equipped or empowered to be leaders of change. Most are not aware that they too will be impacted by the process, or that they may become less aligned with the organisational goals as time progresses and they
see the potential value in the people, often untapped and they become aware of the importance of tacit knowledge and emotions (Smith, 2001).

In the self-reflective case studies presented here the researcher reflects on the realisation of the need to engage on an emotional level with the people involved to lead change to a positive conclusion rather than simply manage it in line with original objectives. In the real world of complex interaction this is more likely to bring superior and sustainable results and is a core skill of primal leadership (Goleman et al, 2002), but not necessarily a skill found in the average project manager.

This thesis utilises a modified self-reflective, immersed practitioner (participant observer) approach that focuses on deep case studies (Dyer & Wilkins, 1991). This is used to explore the role and influence of a change practitioner who is physically located in the situation undergoing change and thus who interfaces socially with the ‘recipients of change’. This social interface presents a set of challenges for the immersed practitioner as they do not emerge unscathed.

### 3.3 Continuum 1: Starting point - The Search for the Holy Grail

The Holy Grail of business worldwide is that of a sustainable competitive advantage (Barney, 1991, Black & Boal 1994; Fahy, 2000). This is described by Smith et al (1996) as when a firm stays ahead of competition by continuously manipulating the mix of resources in its resource bundle to align with market needs. This is essential because success leads to confidence, security, and perhaps the opportunity for the occasional rest. It becomes a positive feedback loop, helping you to attract more of the right resources to improve the advantage over others, providing, of course, that you continue to manage them correctly. William A Sherden (1998, p56) states:
“Economics is a highly theoretical and mathematical discipline that has almost no ties to social sciences yet is essentially about human interaction – a social science with dollar signs”

For the change manager within this paradigm the world is a set of complex mathematical rules that are forever being tweaked and tested to assist in explaining past results and predicting future trends. As is common in mathematics, assumptions are made to simplify equations and assist in the understanding of the results. The major economic assumptions that are of relevance are, all participants are rational basing their decisions on perfect knowledge leading to perfect competition; there are always clear property rights; rents can be maximized; and extracting value is the key objective in any transaction. The theory assumes the mobility of information and resources meaning that they will be dispersed over time between competitors.

Based on these assumptions groups of executives in every aspect of business (in the commercial world) meet on a regular basis to consider how they can make more money than last year, gain better market share or advantage over competitors, and develop strategies for the coming quarter or year.

In this world of economic models, accounting is essentially a logical arithmetic practice where ‘income minus costs equals profits’ (Turner, 2002, p12). To increase profits, income needs to be increased and/or costs reduced. If both are done simultaneously then the results will be accelerated. Income increases may be found in price rises, new product/service releases, buying someone else’s marketshare/products/customer base/business, expansion of territories, better performance from sales staff, improved logistics/access to products/services and a dozen other options. Cost reductions can be achieved by just as many means such as improved efficiencies (lowering the cost of transactions), process improvement, quality improvement (fewer claims/returns), improved compliance with procedure, faster technologies or systems, plant & equipment reviews and most obviously, reduction in costs of labour.
Taken to the extreme the most profitable company in any market sector will sell everything they can produce (be that a product or service) as soon as it is available so long as they can do this at a cost lower than their competitors. They may even gain advantage by producing less than the marketplace demands (monopoly rents) and artificially elevating the value of that which is produced (McChesney et al, 1998, p55). In theory, this makes perfect, logical sense; the trick is to do it faster and better than everyone else. However, in reality, the world is not that simple.

This desire to see the world as a simple system of clear mathematical relationships and rules was where the researcher started. With a solid foundation in maths and physics, there was a belief that even if the outcomes were uncertain (as in quantum physics) the relationships could be modeled and explained by solid theories. These theories assume the continuation of the same trends, that past performance is a clear indicator of the future, they do not adequately accommodate change.

On the other hand, what if the economist’s basic assumptions are flawed? Would that explain why competitive advantage seems to be unsustainable? Could it explain why many merger & acquisition projects fail to deliver the modeled advantages? Why right-sizing, down-sizing, Business Processing Reengineering and similar programs often don’t deliver the results hoped for past one or two quarters when the initial slash-and-burn brings cost reductions? What are the major variables they have missed, or the resource they have under or over-valued, or the assumption which has been disproven? These questions lead the researcher to explore the Resource-Based View (Wernerfelt, 1984).

3.3.1 The Resource-Based View

The Resource-Based View (or RBV), while written in the style and language of the economist, extends beyond the traditional assumptions and emphasis on
product-based strategies, to include consideration of resources as the necessary “building blocks” to these outputs.

Wernerfelt (1984) argued that, when assessing a firm’s targets, consideration should be given to how the resource packages, rather than the products or market positions, could be integrated. In so doing he linked the worlds of economics and strategy by pointing out that the former was focused on measurable outputs like products, prices and market share, whilst the latter recognised the internal strengths and weaknesses of the firm. He argued that closer analysis of these differences would provide new insights into diversification, and profit potential.

This approach demonstrated that it was rare for a single resource to be applicable to only one product or marketplace, rather it was more likely to be an input into multiple offerings. This could then become a powerful tool in the planning of resource development and investments, and for exploitation and development of business opportunities.

Barney (1986) attempted to extend the RBV theory by questioning the assumptions of perfect competition made by traditional economic theory which suggests that over time no one can maintain competitive advantage. Rather, he proposed what he termed a strategic factor market in which resource inputs are bought and sold to gain advantageous positions. That is, if an organisation had a preferred strategy under development, but assesses that they had a resource gap using Wernerfelt’s (1984) framework, they could simply purchase what they needed to fill that gap, assuming that they could buy it for the right price (i.e. that the transaction cost is lower than the potential earnings).

On the other hand Dierickx and Cool (1989) argued that there are organisational resources that cannot be traded. These resources are either so organisation-specific and of no value externally, or they are intangibles that can not be clearly defined or valued, or they are simply so dependant on other factors that to trade
them in isolation makes no sense. This, they argued, is the key to firm heterogeneity as it provides the source of imperfection required for sustainability of a competitive advantage. In other words, it is either these non-tradable assets (or resources) or these in combination with others purchased that makes an organisation unique in its marketplace or industry sector. Peteraf (1993) later extended this concept into recognition of management’s ability to extract maximum advantage from the collection of resources/assets available as being an asset in its own right.

These developing insights start to give us sense of the hidden value of resources or assets that are difficult to measure.

A further addition to the RBV concept was made by Dierickx and Cool (1989) in their distinction between asset stock and asset flow. They defined Barney’s (1986) strategic factor market as a flow, and non-tradable assets as stock. They use the analogy of a bathtub to emphasise the importance and different roles of flows and stocks. Water that flows in to a bathtub helps maintain and deepen the stock of water contained within the bathtub boundaries. If a leak (flow out) occurs, it must be counterbalanced by an increase in water flowing in to maintain the stock. They stated:

“A crucial point illustrated by the bathtub metaphor is that while flows can be adjusted instantaneously, stocks cannot. It takes a consistent pattern of resource flows to accumulate a desired change in strategic asset stocks” (Dierickx and Cool, 1989, p. 1506)

Applying this analogy to an organisation, Figure 3.1 illustrates stocks and flows related to marketing, R&D, salary, technology, sales and publications.
**Figure 3.1 - An illustration of the difference between flow and stock in the RBV**

<table>
<thead>
<tr>
<th>Flow</th>
<th>Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising expenditure</td>
<td>Brand image/awareness</td>
</tr>
<tr>
<td>R&amp;D expenditure</td>
<td>Accumulated knowledge, experience and expertise in identifying viable projects</td>
</tr>
<tr>
<td>Salary increases/bonus schemes</td>
<td>Loyalty and motivation of staff, history and culture, trust in management</td>
</tr>
<tr>
<td>Investment in technology</td>
<td>Understanding of business processes, marketplace, customer needs etc</td>
</tr>
<tr>
<td>Expansion of Sales Force</td>
<td>Effective admin and sales support infrastructure</td>
</tr>
<tr>
<td>Number of subscribers</td>
<td>Reputation for quality publications</td>
</tr>
<tr>
<td>Expansion of product/service range</td>
<td>Customer loyalty, relationships, trust, history, quality record etc</td>
</tr>
</tbody>
</table>

In terms of competitive advantage, what the flow concept suggests is that anyone can suddenly increase expenditure or activities on flows and gain short-term advantage (or close the gap). By implication flow leaks, such as loss of key staff (know-how), lack of alignment with changing customer needs or market expectations etc, must also be monitored. Stock, on the other hand takes time and consistent performance (e.g. service, quality of output, response to customer requests) to build and there are no shortcuts. In so doing (increasing expenditure in flow) there is need for organisations to recognise that every increase in flow should build stock.

In other words, every organisation must be aware of the nature of the sources of value and the risks associated with a decrease in value, and how to recognise the signs of this decline. The concept of value should also be considered in dynamic terms as what is valued by staff or customers or competitors at one point in time may well be replaced by something more contemporary at a later stage.
Given the concept of flows and stocks Dierickx and Cool (1989) suggest that the key to sustainability of a ‘privileged asset position’ is to identify just how easily it would be for a competitor to replicate your situation. They identified five characteristics required in the context of the RBV: Time Compression Diseconomies (or the law of diminishing returns); Asset Mass Efficiencies (or success-breeds-success); Interconnectedness of Asset Stocks; Asset Erosion; and Causal Ambiguity.

In a later article Barney (1991) extended this idea further claiming that there are four empirical indicators of resources that are important for sustaining an advantage over competitors. These are - value, rareness, inimitability and non-substitutability (VRIN) attributes. Within this assumption he included all assets, capabilities, organisational processes, firm attributes, information and knowledge controlled by a firm that enables the firm to conceive of and implement strategies that improve its efficiency and effectiveness. It includes both resources which could be purchased in his factor market and those which are non-tradable. He also proposed three broad categories of resources; physical capital, human capital and organisational capital.

Grant (1991) built on Barney’s idea and presented it in a more accessible and understandable fashion with simple language as favoured in much of the popular strategy literature. He proposed a simpler and more accessible framework for strategic analysis that assumes that key resources can be identified and measured easily, that some level of quantification of their earning potential can be carried out, and that you simply go-to-market to fill the gaps once identified. He added the concept of ‘capabilities’ as complex patterns of coordination between people and resources, and explained that it was possible to have resources without capabilities. To identify this he suggested a simple linear, 5 steps process:

1. Identify resources
2. Identify capabilities
3. Appraise rent-generating potential
4. Select strategy, and then
5. Identify gaps and aim to fill them

While it appeared a straight forward model Grant did, however, point out that it may not be as simple as it sounds as in some businesses it may be hard to identify key resources. He stated:

“Financial balance sheets are notoriously inadequate because they disregard intangible resources and people-based skills – probably the most strategically important resources of the firm” (Grant 1991, p119)

Peteraf (1993) also presented an equally useful application of the RBV in both small business and large corporate environments and further developed the concept as a guidebook to strategy development. She pointed out how the RBV approach can help to inform management decision about developing new technologies or products in-house, how they may be licensed externally or how resources can have multiple uses across business units extending the value to an organisation and the marketplace. This helped explain why some firms are more successful than others, and why some firms simply cannot execute the most obviously profitable strategies, as they simply do not have the right resource base.

In short, while essentially an economic theory that has been recently adopted by strategists, the RBV goes some way to explain why one business will outperform others in the same or different industry sector, and how these advantages can be sustained. Given this the RBV and its later development present an attractive theory for the management practitioner for a number of reasons. Firstly, it discusses issues that are within the manager’s control (the internal resources of the firm). Secondly, it offers hope for those who may not have the best market position or performance currently by offering guidance on how they might tap the potential of their business more fully.
The theory has appeal to large and small business in every industry facing change, as it is a powerful ‘sense-making’ tool which sits comfortably with theorists in the schools of strategy (Grant, 1991), organisational economics (Mahoney and Pandian 1992) and lately, strategic marketing (Fahy and Smithee, 1999). The RBV provides change managers with a useful perspective for strategy development and business decisions whatever their current resources and needs.

More recently the emergence of the *dynamic capabilities* concept (Teece et al 1997) offers a new theory for dynamic or ‘high velocity’ marketplaces in which the response of management teams have to be faster than in traditional stable industries where trends were linear and predictable. The framework presented by the *dynamic capabilities* concept is consistent with Grant’s (1991) 5-step process in that:

“The approach has the benefit of indicating that competitive advantage is not just a function of how one plays the game, it is also a function of the assets one has to play with, and how these assets can be deployed and redeployed in a changing market”

In the heat of the *dot com* boom the concept of *dynamic capabilities* was enthusiastically embraced in theory and practice. During this period the rewards for gaining a competitive advantage were potentially enormous, while the time frames were so compressed that competition was fierce. Eisenhardt & Martin (2000) described these dynamic capabilities as highly experiential and fragile processes with unpredictable outcomes. This lead them to suggest that the RBV breaks down in high-velocity markets as any advantage is inherently unstable, unpredictable and almost certainly unsustainable. They proposed as an alternative that the answer lies in management’s ability to respond sooner and more astutely to market signals than their competitors or that flow becomes more important than stock when there is insufficient time to grow and use it.
Accordingly, the dynamically capable change manager must be prepared to offload assets quickly once they are surplus to the strategy of the day.¹

¹ We know what happened to many organisations at the end of the dot com boom – it would make an interesting retrospective study to ascertain how many survivors understood the value of 'stock' and resisted the dumping of resources which may have had future value.
### 3.3.2 Using the RBV theory

The RBV is a useful tool for change managers. The concept of flows and stocks as proposed by Dierickx and Cool (1989) provides a framework to ensure that any short-term strategy or tactic employed (flow) benefits the organisation and its competitive position in the long-term (enhancing the base stock). So instead of simply responding to market trends in a knee-jerk, follow-the-competitors fashion as some organisations do, the RBV opens up a path to possible future options. This fulfils the needs of today and tomorrow simultaneously, with the path to sustainable competitive advantage in most cases being unlikely to be a short or direct one, so each step should be made to count.

The more complex the interaction and dependency between individual resources and groups of resources, the more difficult it will be for competitors to copy or replace an offering due to causal ambiguity. The aim for those already in favourable positions is therefore to maintain a “big picture” perspective seeking new ways to utilize old resources and old ways to utilize new ones so as to build an increasingly complex web of possibilities into existing stocks. This strategy will provide for two possible outcomes (a) the sustainability of competitive advantage, or (b) increased perceived value of the collection of desirable resources and a better sale price in the case of acquisition.

Lastly, change practitioners applying this theory must consider that what they do counts – their ability to identify, manage, enhance, nurture, align and deploy resources must be better than those of their competitors. This is not just about making the right decisions and avoiding strategic mistakes (Peteraf, 1993), but working with resources creatively in order to continuously adapt to a changing competitive landscape. In this way the management team can become a key VRIN resource for their organisation (Fahy, 2000). Managers who learn how to lead change on a micro level in this world where constant realignment with market needs means advantages are maintained or sustained become the right sort of resource for the organisation.
Ultimately, the organisation which embeds the essence of the RBV into their culture, (by encouraging the combination and recombination of resources creatively and dynamically) will create the most complex, valuable, rare, inimitable and non-substitutable group of resources they could ever hope to deploy in any marketplace – good people!

This leads to the need to reconsider the assumptions of the economist. Firstly, we need to recognize that business is not always about maximizing rents or extracting value today, that maybe the longer term objective, but shorter term tactics may seem at odds with this assumption. Secondly, we are often dealing with ‘irrational’ employees and customers. Thirdly, property rights are not always clear, especially if the property is intangible. Fourthly, we may not have the luxury of funds to purchase resources (or the people or companies which currently own them and so may have to re-shape what we do have).

So, given that economic assumptions are often not practical, the question of what relevance the RBV provides, and how it appears that it can be made to work effectively for practitioners, remains unanswered. If we return to the basic concepts and consider that our resources are the building blocks of our company’s capabilities in our chosen marketplace (that is, if a firm’s competencies or capabilities are derived from the collection of resources it currently possesses) then the response becomes that we need to identify the most important resources and evaluate, exploit and protect them in major change projects.

It is also a significant advantage to have the built-in flexibility to be able to realign resources to changes in the marketplace. Of course, your competitors are attempting the same thing, and so you will have to tweak your resources/exploitation strategy to deal with their response. In response, your competitors will do the same - and therein lays the origins of Dynamic
Capabilities (Teece at al, 1997 and Eisenhardt & Martin, 2000), or what the researcher later terms ‘change resilience’.

If your resources fulfill Barney’s (1991) list of VRIN attributes then you should be able to utilise them to open the gap with your competitors faster and more effectively and for a longer period of time. That is, the most valuable, rare, imitable and non-substitutable resources will be the key to the strategies that will bring you a favourable position over your competitors, regardless of how high or low velocity your industry sector is (Feurer and Charharbaghi, 1996). The key is vigilance and micro-strategies (such as micro-change to re-align resources with new knowledge of what customers want) in these marketplaces ensuring that every flow contributes positively to the overall stock.

In summary, while economic theory dominates academic and practitioner discourse concerning how to theoretically manage change in an organisational context, variations of the perfect competition model have been developed to help explain unexpected outcomes. The RBV and its antecedents which focus on resources of tangible and intangible varieties where ownership and rights are not clear, provides some assistance. More recently the dynamic capabilities concept (Teece et al, 1997) has assisted in explaining the issues that may be of more significant note in high velocity marketplaces.

However, life is not linear and business is not as simple as this basic exercise would suggest, nor is it static and the first step mentioned above – identifying intangible resources is not a trivial task.

### 3.3.3 Reflections on theory so far

Although there is no traditional place for reflection in theoretical discussions this thesis is based on a journey (of theory, methodology and leadership practice) so it is seems there is validity to insert the first reflective learning here.
Whilst exploring the RBV theory I felt some excitement that this was a theory that started in the hard core mathematical world of economics yet it started to highlight that there were some elements that were as yet unmeasurable, somewhat mysterious and related to the people, their interactions, the culture and the tacit knowledge in a business. This theory suggested that there were important sources of value that could not be benchmarked, and therefore could not be copied or purchased by competitors. The real commercial value that these could represent could be exploited so long as you were comfortable with the concepts of complex interdependencies and causal ambiguity, and the fact that you would never be able to reproduce exactly the conditions or be absolutely sure of the key factors in any successful or unsuccessful outcome. This was a very significant departure from the well-defined clear mathematical models I was accustomed to and are often used by CFOs and others in business.

Rather than rejecting this insight as being somehow not valid or relevant from an either/or perspective, I began to recognise the possibility of a continuum of theories, business decisions and change.

**Figure 3.2 - Continuum 1 – Economic Theory**

![Figure 3.2 - Continuum 1 – Economic Theory](image)

The RBV (Barney, 1991) and Dynamic Capabilities theory (Teece et al, 1997) can be diagrammatically displayed on the continuum introduced here as a devolution of economic theory. Classical theory starts with assumptions based
around asset ownership and rental potential. The RBV is not a complete departure from this but it also forces us to consider those additional assets which do not have the same clarity in terms of potential to exploit.

These assets have the characteristics of being valuable, rare, inimitable and non-substitutable (Barney, 1991) may not be obvious and may be locked in the culture, the relationships and the social fabric of the organisation. These are territories which are difficult to include in a spreadsheet.

These theories are forcing us to consider messy details which gets distilled, filtered and simplified in traditional economic assumptions.

3.4 **Continuum 2: Where valuable knowledge lives**

Many of today’s business challenges are driven by tangible and well reported factors such as globalisation of economies, technology changes, environmental concerns, aging populations and political unrest. Many are subtler, such as a shift in power as we move away from the dominance of product-based economies, lack of trust in regulators as large corporations collapse (e.g. HIH), damage to the reputation of key organisations and leaders as illegal behaviours and irresponsible decisions are uncovered (e.g. OneTel, National Australia Bank, Enron), and the slow but steady movement towards development of strategies for corporate social responsibility.

Those new to management ranks may find that they need skills that are not often taught in standard business courses and rarely demonstrated by their business mentors (who learned their skills in a previous era). The rate of change is accelerating and business practices of the last few generations may still be valid – but they must be supplemented by some new insights. Drucker (1999) tells us that whilst our production equipment was the most valuable asset of business in the 20th century we must now turn our attention to the knowledge worker and
their productivity. Others will agree that there is hidden and poorly understood value in the intangible assets of the organisation (Hazelton & Kennan, 2000; Nahapiet & Ghoshal 1998, and Allee, 2000), and that these include categories such as Human Capital, Information (Knowledge) Capital, Social Capital, Intellectual Capital, and Social Innovation Capital (McElroy, 2002). Tymon & Stumpf (2003, p12) sum this up in their statement:

‘Success in the twenty-first century will be more social and relational than it has been since clans were the predominant social structure of society.’

Consider the following table, the left-hand column illustrates the perspectives dominant in 20th century business – dominated by the industrialisation of the western world. The right-hand column contains some emerging perspectives for today and the near future.

**Figure 3.3 – 20th Century vs 21st century management practices**

<table>
<thead>
<tr>
<th>Dominant perspectives of 20th century management practices</th>
<th>Emerging perspectives of 21st century management practices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying or building of tangible assets with known value</td>
<td>Uncovering variable value in Intangibles</td>
</tr>
<tr>
<td>Short term measurement criteria (dominated by financial reporting periods)</td>
<td>Long Term focus on sustainability of the organisation</td>
</tr>
<tr>
<td>Operational/Tactical responses to competition</td>
<td>Visionary/Strategic responses, creating new value and new markets</td>
</tr>
<tr>
<td>Capitalism – drive to increase shareholders wealth regardless of consequences</td>
<td>Social Responsibility – understanding of full range of implications for stakeholders (including shareholders)</td>
</tr>
<tr>
<td>Data/Information – gathering, protecting, measuring volume and mining</td>
<td>Knowledge/Meaning – extracting value and sharing of knowledge to build new knowledge with open-source approach</td>
</tr>
<tr>
<td>Retrospective – reporting on last week, month, quarter etc</td>
<td>Scenario Planning – focusing on the potential of the future</td>
</tr>
<tr>
<td>Policy, processes and procedures – with focus on compliance and limiting variance</td>
<td>Social networks – with focus on free-flowing ideas and autonomous problem solving</td>
</tr>
</tbody>
</table>

One key resource we should not underestimate is the leadership skill set in the organisation and in the case of minor or major change. The skill set of the change practitioner, as a highly effective project manager, will ensure that an organisation re-aligns faster and more effectively to external changes than any of its competitors. The extension of this is that if the organisation can develop a culture which is adaptive and change resilient then continuous change will
become the norm, recover time will be minimised and the competitive advantage gained more likely to become sustainable (Beinhocker, 1999)

It is important to point out two things here. Firstly, Figure 3.3 is illustrative and only starts to explore the new range of perspectives required by managers today and secondly, these columns are not mutually exclusive. They start to show the complexity of the challenges ahead. Managers today must strive to understand and work within the paradigms in both columns in an ‘as well as’ mode, learning to live with this new duality to lead their organisation to success.

Two ideologies which highlight the increasingly troublesome ‘split personality’ of modern business, are those of knowledge management and Social Capital (Tymon & Stumpf, 2003). Two sides of the same coin they speak different languages, yet share a similar set of perspectives on the future. Both are concerned with humans as the source of potential value in the community, whether that is in the micro-community domain of the specialized skill sets in the organisation, or freely roaming in the macro-domain of the holistic global citizen. Both are concerned with the management of resources for the purposes of long-term survival, and both are concerned with the changes being delivered daily by new technologies.

### 3.4.1 Different kinds of Capital

Use of the word “capital” to describe assets in an organisation can be useful and confusing at the same time. The Shorter Oxford defines capital (in the financial sense) as ‘the stock with which a company or person enters into business; the total sum of shareholders contributions in a joint-stock company: accumulated wealth’.

The newer types of capital are identified as: *human capital* [the knowledge, skills and capabilities of individuals usually reflected in the person’s education, experience and specific identifiable skill sets (Hitt & Ireland, 2002)]; *social capital* [the relationships between individuals and organisations that facilitate action and
create value (Hitt & Ireland, 2002) forming the basis of trust, cooperation and collective action in communities (Nahapiet & Ghoshal, 1998); intellectual capital [the knowledge and knowing capability of a social collectivity, representing a capability for action based on knowledge and knowing (Nahapiet & Ghoshal, 1998) that represents the holistic capacity and prowess to create value through exploitation of knowledge (Rastogi, 2003)]; social innovation capital [the collective capacity of a firm to innovate, learn and adapt (McElroy, 2002)]; and knowledge (information) capital (Tymon & Stumpf, 2003), which is the data and information stored in the databases, archives, records (formal or informal) and other codified sources of the organisation.

Interestingly, all these new forms of capital share some characteristics with the more traditional form. Firstly, there is no point storing or protecting capital of any type in the long term, the return on investment is significantly less when left in the ‘bank’ than when put to work building market share, brands or profits. Secondly, the successful use of existing capital will attract new capital in the future. In financial terms banks are more likely to lend more often and take bigger risks when a business has a history of sound management. In more human terms, strong social networks attract quality candidates for future roles.

Another similarity is the concept of currency. In money terms those trading internationally will often use a global currency for negotiations such as the US dollar or perhaps the Euro. In the context of social capital a similar situation is described in the following passage,

“If A does something for B and trusts B to reciprocate in the future, an expectation is established in A and an obligation incurred on the part of B. This obligation can be conceived as a credit slip held by A for the execution of an obligation by B. If A holds a large number of these credit slips, for a number of persons with whom A has relationships, then the analogy of financial capital is direct. These credit slips constitute a large body of credit that A can call on if necessary unless, of course, the placement of trust has been unwise, and these are bad debts that will not be repaid” (Hazelton and Kennan 2000, p82)
But there are no globally agreed exchange rates or regulated accounting practices to guide us with these new forms of capital. We know that people are not easily categorised, defined and measured, unlike other assets they do not come with manufacturers specifications, data on potential output, or instruction manuals and their ‘utility’ is affected by many influences outside the control of the organisation.

So what insights can we gain from those who write on the subject of social capital, what are the key differences we need to understand before we can hope to manage these resources? Cunningham (2002) tells us that organisations are made up of individuals but are successful to the extent that the collective action of these individuals is greater than the sum of the parts; this is the essence of social capital in the context of the workplace. Where this is harnessed and encouraged the result is often high levels of social innovation capital, expressed as the firm’s ability to compete more effectively in their marketplace due to their adaptive capabilities and produce favourable results (McElroy, 2002).

3.4.2 Knowledge Management

As the focus of business publications turned to the intangible assets of the organisation, and knowledge was identified as a key source of value in this category (Zack 1999), many authors published their views on the methodologies that should be employed in the management of knowledge in organisations. These went from the linear step-by-step plans, popular in management publications, to the ‘go with the flow’ style of those who subscribe to a more organic view of the world. But there seems to be some common views on the challenges ahead. These include the following:
- It is becoming harder to find a worker who is not, at least in part, a 'knowledge worker'.

- Even codified and captured knowledge cannot be exploited for economic benefit if there is not a culture of access and sharing (Rob & Zemsky, 2002)

- Knowledge can be used (or abused) as a political tool (Davenport et al, 1992). If reward systems and norms mean that knowledge is horded or protected then it will wither and become increasingly irrelevant, and money spent on infrastructure will be wasted (Rob and Zemsky, 2002).

- Knowledge exploitation (and exploration, i.e. creating new knowledge on the edges of existing knowledge by scouring the universe for insights, clues, confirmation of concepts etc) is the key strategy for a future competitive advantage (Hitt & Ireland, 2002).

- Tacit knowledge is a tricky concept since it lives in the heads of the people in the organisation. It can’t be measured, and for the most part its owners can’t even express it (Nahapiet & Ghoshal, 1998)

- To know is not enough, knowledge must be translated to action, or both developed simultaneously in knowing-by-doing activities (Pfeffer and Sutton, 1999)

Managing this new intangible asset means the development of different types of controls, reward systems, structures, workplaces, policies, recruitment practices, product development and strategy development processes, and a complete
rethink of management styles. Allee (1999) describes this as the paradox of having our feet in two worlds – one being the corporate world of decades-old management practices and the other being the fast moving but somewhat murky new waters of intangible assets and knowledge as the new foundations of value.

So, why are many organisations so bad at knowledge management, why do we drown in data, rather than grow in knowledge and wisdom every day? Because as yet they have not embraced the 'soft skills' of managing tacit knowledge resources, or recognizing the hidden value and almost infinite untapped potential in the people they employ, service, buy from, communicate with, meet with, e-mail, or otherwise engage. The average manager sees the enormous value in having good management skills, but does not stop to think of the tacit nature of their own knowledge and skills base. They spend time managing valuable resources for the organisation but may not consider that their ability to do this well is partly due to their knowledge of how the complex jigsaw puzzle of markets, customers, relationships etc fit together and is in fact a valuable resource in its own right (Fahy, 2000). To address this dilemma the researcher turned to her understanding of physics.

### 3.4.3 Newtonian vs Quantum Philosophy

Newtonian and Quantum Physics co-exist as shades of the same discipline which share a philosophy but express the application in very different ways. The Newtonian world of cause and effect is the tangible measurable, easily observable world of large bodies – items with mass that can be felt or estimated. This is the physics of 'what goes up must come down' – the laws are real, easily tested and certain. Acceptable knowledge is that which can be observed.

Quantum Physics on the other hand defies observation, in fact that is one of the nuances of this arm or science – the very act of observation 'collapses' the range
of possible options into one, as if the universe is making concessions for the limitations of the human brain. Quantum physics is the realm of electrons, protons, and other sub-atomic or difficult to detect particles. Acceptable knowledge is often that which cannot be directly observed but which can be predicted through theory.

In the world of objects which are visible and massive (relatively speaking) the impacts of small subatomic forces and interactions fades into insignificance or are averaged out so as to be no longer attributable to their origins. In fact the parable of Schrödinger’s cat was intended to show how quantum theories could not be applied to large objects, and to suggest that the cat was both alive AND dead prior to being observed was ludicrous.

The Newtonian practitioner of the business world is interested in trends and quantitative results in profits, market share, sales, subscribers and similar tangible outcomes. They work in measures such as average invoices, % changes and are less interested in individual transactions or customers (except to perhaps measure their lifetime value, or preferences). The individual components of the transaction – the customer, the employee, the choice, the price, are all ‘averaged out’ in the big picture approach. The quantum particles of the business world (the individuals) are often ignored for the purpose of simplicity of quantitative financial modeling.

In the same way the Newtonian manager focuses on annual sales, the size of the marketplace, the activities of business units, the inventory being held at any point in time, its cost, turnover, waste etc. They, rarely focus on the individuals who make up the team and their needs, capabilities, and engagement with the business.

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2 The quantum physics parable of ‘Schrödinger’s cat’ supposes that there is cat in a closed box. There is a 50/50 chance of the cat either being dead or alive. If an ‘observer’ opens the box to find the answer, that very act locks the cat into a dimension (that of the observer) and seals the outcome. Thus, taking action to reduce the ambiguity of whether the cat is dead or not, actually affects the outcome rather than simply observing a ‘fact’
Knowledge management is a term which suggests that knowledge can be managed in a Newtonian sense. It is certainly possible to manage the mechanisms of gathering, storing and sorting tangible knowledge in the form of bytes or full filing cabinets, or stacks of paper or similar. It is also sensible to manage access to this knowledge to protect that which is considered of value or tradable, or that which is commercially or otherwise sensitive in nature. It is possible to manage and monitor the flow of this tangible stream within and outside of an organisational fortress and to measure the impact of this flow. This is the Newtonian world of knowledge.

Knowledge management needs to be approached with caution if it is, in fact, the fast moving, new murky waters described by Allee (1999). Davenport (1996) attempts to simplify things by giving us ten simple guidelines, including the central importance of the knowledge manager. Drucker (1999) later tries to help us exploit this resource in our business by providing us with some clues on how to improve the productivity of the knowledge worker including the importance of treating them as assets rather than costs.

What of the other sort of knowledge – the stuff which cannot be measured, that which is sometimes not even known until it is accessed? This is tacit knowledge; this is what lives in the heads and hearts of people. It is implicit in artistic ability and trade skills, it is in the memory of muscles and instinct – and is only transferable in any meaningful way to the respectful and receptive “apprentice” as it is often context-bound. The flow of this knowledge cannot be managed in a free society (of course contact between people can be denied, if you know who the holder of the key knowledge is), it is not easily measured; the observer who is not the receptive apprentice may not even understand that knowledge has been exchanged as the context is lost on them. This is the quantum world of knowledge where the very act of observation locks us once-again into a single possibility.
What of a new category of worker that requires a new approach from management? The knowledge worker needs to be coaxed to contribute the value they have in their heads in the context of the business objectives. But this is just the beginning of the profound paradigm shift required. This requires us to create an environment conducive to the sharing of information freely – and brings us full circle to the concept of social capital.

3.4.4 Knowledge Transfer as intellectual Energy

While Intangible assets such as the experience, knowledge, relationships and perspective of individuals fulfill the VRIN criteria, another asset is the support, motivation and ‘energy’ produced in social networks that allows these intangible items to be shared and built on.

Once again using a physics analogy, let us consider the many sources of electrical energy. Some are commercially viable due to the scale of infrastructure historically erected for that purpose. Some are experimental, while some are supplementary only (suitable for single homes or small groups of home who may wish to reduce their dependence on the commercial grid).

We, 21st century humans, generate energy from the burning of fossil fuels and other organic compounds (wood, waste products etc), the capturing of chemical reactions in solar and nuclear energy, the harnessing of the power in the flow of water in hydroelectric plants and wave generators, or the movement of air currents in wind driven plants, and many more experimental means. Yet when processes in our power plants translate this energy it reaches the grid as a collective output of useful electricity and the original source of each ‘portion’ is indistinguishable from any other. This is delivered to our homes, factories, schools, churches and roads, by a complex network – some parts of which are clearly visible and above ground, other parts of which are invisible (often below ground).
Let us consider the concept of intellectual energy created by the movement of ‘knowledge particles’. Consider that this can be created or captured by individuals in an enormous variety of ways. Some may generate new knowledge or ideas whilst in solitary pursuits and some whilst in a discussion with others. Some of this energy may be conscious and some unconscious, some voluntary, some involuntary, some may be created effortlessly and some only be possible as a result of hard work. It doesn’t matter how it is generated, just how it is shared/released to 'the grid' – or network of others. The source is irrelevant, the processes may be generic or unique but the results could be considered as a form of intellectual electricity. Imagine if you could visualize how ideas/concepts/theories jump from one brain to another – sometimes being absorbed and fading from sight, some causing explosive responses generating yet more energy to pass onto others across invisible networks, using words or actions or diagrams as conduits. The infrastructure can be visible - as in phones, or computer screens and networks where millions of words/concepts are shared every second or invisible as in radio waves or the mental connectivity that happens with intense intellectual discussions. It is easy to imagine that a room where enthusiastic and intelligent debate is occurring is full of invisible threads of intellectual electricity!

Sources of energy as described in physical terms are finite if left to themselves, fuel will eventually burn out – even the sun will eventually die. But if sources of energy are harnessed collectively they can be used efficiently (e.g. the use of gas burners to ignite organic fuel sources releasing their energy as heat, or a chemical catalyst to start an energy producing reaction), one being used to kick start or enhance the output of another, with the results being a useful and controlled output lasting longer.

So if the human brain can be considered a potential source of intellectual energy, the key challenge for managers of humans as a resource is to capture, store and access that potential in the most efficient manner. It may need to be ‘ignited’ in some way – or in the chemical analogy a catalyst must be found that will start the
release of this energy. Once this has started it must be harnessed, or ‘hooked up to the grid’ so the energy can be captured and added to form a collective source of intellectual electricity driving the motors of innovation and response to competition. The collection of intellectual energy sources therefore become an important natural resource (like coal, oil, gas, or the sun), and technology-based infrastructure now becomes the battery or the storage facility which has finite life, requires replenishing at regular intervals, but stores energy from multiple sources for useful applications.

A variation on this theme is described by Wu et al (2004) where they consider social networks to be made up of nodes where each person in the network can be assigned a voltage which identifies their relationships to others in the network and the communities to which they belong. Simple analogies of electrical diagrams can therefore be used to map social interaction in these networks and identify key clusters in the flow of knowledge.

Social networks, technology networks, communities of practice (Wenger et al, 2002), organisations, families and other groupings due to common employers, culture, geographic proximity or other factors become the grid through which intellectual electricity flows. The more sub-stations or nodes on the grid the more robust and powerful it is, if one section is out of action other paths to the same end are possible, ensuring minimisation of black-outs or interruptions to those down-stream, in a sense they become self-healing. But they may also need ‘circuit breakers’ to prevent damage in the case of overload or inappropriate flows. In the case of the social network that is the organisation these circuit breakers are managers – and just as any switch needs to be part of the network to work, so too must a manager be part of the knowledge flow to monitor when intervention is required.

So what does this mean for knowledge management? The individual owns and controls their own intellectual energy and whilst they may be using an internal energy source (say for highly motivated creatives), the expression of their
potential is only possible when it can be released via a network (social, technological or otherwise). It is in this way that they receive recognition and rewards and the energy to continue. This grid is a two-way flow they may contribute to the collective and in turn replenish their own internal batteries. This intellectual energy is self-regulated, some may volunteer most of their capacity to the grid whilst others may volunteer very little – and the same individual may attenuate their contribution depending on the circumstances at the time. Consider the following table for further exploration of this analogy,
**Figure 3.4 - Exploring the concept of Intellectual Energy**

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Energy/Power</th>
<th>Intellectual Energy</th>
<th>Knowledge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sources</strong></td>
<td>Varied, e.g. solar, wind, water, chemical, fossil fuels, organic materials etc</td>
<td>Varied, e.g. internal, personality traits, generated from external stimuli or internal drive</td>
<td>Varied, e.g. individual or collective, protected or shared, tacit or codified</td>
</tr>
<tr>
<td><strong>Collection/Storage</strong></td>
<td>Technology mediated, batteries, power plants, finite life (will reduce over time), finite capacity, limited efficiencies, scalable</td>
<td>Organically mediated (brain function), context-bound, threaded, finite in capacity, non-temporal, special characteristics, imperfect, scalable</td>
<td>Codified: technology mediated, databases, storage facilities, records etc</td>
</tr>
<tr>
<td><strong>Control Mechanisms</strong></td>
<td>Switching, regulators, control processes, regulatory devices, capacity, monitors, circuit breakers etc</td>
<td>Self-regulated (voluntary and involuntary means), access to external and internal stimuli, physical and mental health impacts</td>
<td>Tacit: organically mediated (brain function and human connectivity), context bound, threaded, non-temporal</td>
</tr>
<tr>
<td><strong>Tapping/Exploiting</strong></td>
<td>Physical infrastructure, grids, networks, substations, commercial investment</td>
<td>Human grids, social networks, forming substations, creating environment for voluntary contributions at high levels, emotional engagement, creating catalysts and external stimuli to enhance outputs etc</td>
<td>Codified: physical infrastructure, grids, investment and rewards</td>
</tr>
</tbody>
</table>

Much of the literature and commercial approaches to knowledge management has been focused in the arenas of codified knowledge. This is what is measured, stored, indexed, quantified and collected, it is tangible. As knowledge banks and data storage gets fuller and fuller there is the impression of progress – but what
of the untapped value of tacit knowledge described as one of the VRIN resources in the work of Barney (1991)?

The term knowledge management pre-supposes that we can manage knowledge (or that it would be a useful thing to do), and in the sense of codified knowledge we can control the collection, storage, access rights, mining rights, release etc. But so can our competitors, if we can observe it and record it, so can they. If we can store it and mine the data, so can they. If it makes commercial sense to invest in codified knowledge, it can be bought or rented or recreated by a competitor. Any advantage will be short-lived if there is money to be made.

The flip side of this argument is that the genuine sources of valuable knowledge in the organisation are self-regulated, this is the tacit knowledge that lives in the minds and hearts (and emotions play an important role) of the people. This collective intellectual energy can be tapped and used to feed the formal and informal networks in the company and the community (note here that we must re-define the boundaries) to produce the intellectual, human electricity that runs the truly sustainable competitive advantage engines. This means that knowledge management in a highly competitive world, where the objective is the sustainable competitive advantage is about managing the people, and the environment they work in (to minimize losses of key energy sources) – few Chief Information Officers, or Chief Knowledge Officers or whatever name they may invent tomorrow are equipped for this task as they spend little time immersed in the culture and interactions of the people. Although they may formally hold positions of power they are merely one node on the grid and may not be aware of the real clusters of value (Allee, 1999; Tymon & Stumpf, 2003).

The concept of the flow of knowledge and the creation of intellectual energy has significant implications in times of change. Recall that energy generated in these human grids can be considered ‘generic’ which means the application of this energy can be changed quickly to a new product, service, customer need,
process etc. This is a key source of flexibility and responsiveness in any social network.

Issues to consider in enhancing this energy source in an organisation are:

- Recruitment practices need to be reviewed to consider the intellectual energy, and the proposed contribution to ‘the grid’ rather than a qualification, experience, referee etc.
- Knowledge management experts are still concerned about measurement, and this reinforces the myth that you can manage knowledge.
- Emotional intelligence (Goleman et al, 2002) obviously becomes an important theme if we accept that the individual has full control over the amount of energy they contribute to the grid and that the employer may never know just how much they have to offer.

3.4.5 Social Capital meets Knowledge Management

To reiterate, it is easy to manage data or information. Control systems can be established around what is recorded, how it is done, and where it is stored. We can restrict or open-up access to this stored information physically or electronically, and monitor how it is used and for what tasks. Establishing a hierarchy of access based on pre-determined rules, and controls in the flow (deposits and withdrawals), is the norm as is an audit of edits. This is the realm of the information technologist and even though it has become more complex with the advent of intranets, extranets and the internet, the principles remain the same. But this is not knowledge or knowledge management, as McDermott (1999) shows the great trap in knowledge management is using information management tools and concepts to design knowledge management systems. He states that knowledge is a human act, which is the residue of thinking and more importantly that it belongs to communities. This is further reinforced by Allee (1997) when she tells us that knowledge is essentially only understood in the larger social context of Meaning.
So, to manage knowledge you must manage people – to extract value from that knowledge you must have factors present, which enable the knowledge to be translated into actions in line with the organisational or community objectives. As previously described intellectual energy can only flow if there is an enabling ‘grid’. This grid infrastructure can be described as ‘culture’ or, more recently social capital (Tymon & Stumpf, 2003).

But this revelation is in conflict with the idea of collection and protection of data and information at a corporate level. Information is often seen to be commercially sensitive and as a consequence is jealously protected – the perception being that the value lies in the megabytes of data. This is where the origins of knowledge management lie and where the challenges begin.

On the other hand, extracting value from the information processing, pattern-recognition abilities of the brains of the people for the further enhancement of shareholder wealth is in conflict with the principles of social capital. In this paradigm the people will choose how much or how little of their knowledge-creating abilities they contribute to the collective, and they will only participate if there is something of value in it for them as individuals, (if you believe in the rational actors theory of economics), or a community (if you subscribe to the sustainability movement).

### 3.4.6 The more things change, the more they stay the same

So here we are well into the 21st century, with mind-blowing possibilities being presented to us every day by advances in technology and yet we find ourselves re-visiting the culture of ancient clans for clues on how to manage the human value in the organisation (Tymon & Stumpf, 2003, p12). In terms of knowledge management we must consider the lessons in the relationship of the old style Master and Apprentice, and for the purposes of illustration let us use the silversmith of the pre-industrial world. There was a great deal laid down in the
lore of the guild that could be considered to be data – for example the sources of
good quality metal (data on suppliers), how to achieve the temperatures for
optimal malleability (technical data). Then there would also have been much in
the way of information such as how to contact various merchants who deal in
precious metals sourcing them from a variety of locations. These are easily
recorded and communicated and can be shared or kept secret depending on
where advantages might lie for the winning of lucrative contracts, or building of
reputation.

The sources of this data and information can be covered in the first few days of
the Master/Apprentice relationship, along with the introduction to the tools of the
craft. But this does not require commitment to the craft or membership of an
ancient guild as these pieces of information could be gleaned by the careful
observer or other members of the household. In modern terms this is the
codified information, it can be bought or sold, added to or edited and has a value
which can be measured in a transactional sense (how often it is used, by whom,
for what).

What happens next for the Apprentice is beyond measure in our modern world,
although advocates of situated learning theory and the rise of work-integrated (or
simulated) learning (Leigh, 2007; Jones & McCann 2005) demonstrates the
current relevance of this concept. This is the realm of knowing-by-doing, of
immersing oneself in the culture of the guild, of learning the unwritten laws by
observation, of uncovering and expressing creativity, of free flowing knowledge
transfer, of emotional engagement in the process of learning, of development of
personal style based on the absorption and extension of the styles of others (new
knowledge at the boundaries of existing knowledge), of assimilating to the culture
of the artisan, and eventually acceptance of the responsibility to teach others as
Master status is achieved. This is not just the transfer of knowledge – but
transfer of philosophy, beliefs, meaning, truths, culture, understanding, and
passion for the craft. It is an intensely human experience, which is hard to
articulate without emotional language, and here-in lays the problem in attempting
to add a tangible measurement criterion. What value do you place on loyalty, honour, respect, passion, shared meaning and even love of a craft or a community? These are terms not often found in economics or accounting practices, but commonly considered by those who understand people and what motivates them – this is the language of culture and social capital.

### 3.4.7 Bridging the gap

Allee (1999, and 2000) makes a valiant attempt to bridging the gap between the world of knowledge management and social capital when she writes about a framework of increasing knowledge complexity.

The first three items described in this framework are data which is required as the basis of information and in turn is used to create knowledge. This is also a progression in terms of volume – many data points need to be collected before a pattern is formed and it becomes useful as information. Then in turn many patterns are needed to form useful indications of trends, or directions and become knowledge.

Data, information and knowledge are often seen by organisations to be commercially sensitive and valuable. They will go to great lengths to protect this collection from competitors and it is often released only on a ‘need-to-know’ basis. Even Public Companies with a duty of disclosure will take steps to aggregate information to hide the details from those who may choose to use it against them in a competitive environment.

The next step in complexity in Allee’s (2000) writing is from knowledge to meaning. Meaning is context-bound, the development of which requires a community willing to interact. This is what happens when a management team sits down with the reports generated by decision-support systems that the era of technology-based knowledge management has delivered to them. They start to discuss interpretation in the context of their company, their marketplace, their
industry, their geographic location, their resources. They share their individual interpretations to get to a collective view that will be used for planning the next phase and communicating progress to staff members (using the language which is embedded in their company culture).

After *meaning*, Allee says we can have the development of *philosophy*, the ability to look to the long term, to plan the development of the business through a vision of the future. This concept is akin to ontology, as described elsewhere in this thesis, used in a proactive manner. From *philosophy* and all that precedes it comes *wisdom* where our temporal sense is extended into the distant future and we become concerned about issues like sustainability. Ultimately, we should be able to reach a state of *union*, a *nirvana* which is rarely seen in business and won’t be discussed further here.

Although insisting that this is a framework rather than a hierarchy it is easy to visualise this progression from *data* to *wisdom* as a stepwise progression – of course the whole process is more of a cycle or feedback loop than a series of steps but let us consider the following:

*Figure 3.5 – Navigating the hierarchy from Data to Wisdom*

![Figure 3.5](image)

Firstly, let us consider the first three steps. Today with inexpensive technologies these are easy steps to build and maintain. We can quickly progress from one
step to another in an upward and downward manner, or in a busy environment may even start to see comfortable wear patterns emerge as we individually race each other up and down these in pursuit of our performance bonuses tied to our levels of activity. These are easy to scale on our own and the idea of incorporating social activities with this action will only serve to slow us down and distract us from making progress, we become so used to navigating by feel – if we talked and climbed we would have to look where we were going.

Consider then what happens when you reach the platform, which is offered at the top of the step called ‘knowledge’. For some they may feel that they are facing a blank unassailable wall and have little interest in investigating further. For others who are more curious, perhaps even more creative - further investigation would show that if they took the time to walk around the edges of that blank wall they would find another set of steps, in the completely opposite direction.

These new steps are not scalable as individuals unless you have very special skills and equipment, but can be scaled easily enough with team effort (social interaction/collective interpretation, negotiation and decision making). We need some help from others to scale these levels and it takes much longer to get from one to the other and requires more effort. This is meant to symbolise that there is no fast track to wisdom in an organisational sense and it requires social interaction and co-operation.

3.4.8 Implications for Practitioners

Knowledge management is most often described in codified and quantitative terms, whilst social capital is about tacit understandings, unwritten laws, and qualitative issues – but in the setting of business today they are co-dependant entwined, strange bedfellows (Allee, 1999; Tymon & Stumpf, 2003). From the industrial revolution to the close of the 20th century business has focused on the advantage of capital (the financial kind) over the workforce, competitors, customers, and regulators. That one form of capital was all that mattered, and the individuals who controlled that capital had a superior ability to invest in the
means of production, gaining profit and increasing the gap between the haves and the have-nots.

Today we are starting to understand that with enormous global powerhouses of industry emerging that this one form of capital is no longer enough to guarantee success. The landscape is becoming more complicated, technology is closing the gap between the haves and the have-nots of the business world, and the open-source movement in consumer software applications is now showing how the power of the collective has the potential to overturn monopolies in even that marketplace long dominated by Microsoft.

Perhaps this means that countries with strong collectivist cultures who still value their pre-industrial traditions are better placed to meet these new challenges than western civilizations. It would appear that these countries would have enormous potential due to their strong reserves of social capital. In collectivist cultures people from birth onwards are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty. Examples of strongly collectivist cultures include South American nations, now leading the world in environmental reforms, Indonesia, Pakistan and other parts of Asia (Hofstede 1991).

Translating these principles to the context of the organisation requires a rethink of employment conditions, of reward systems and of emotional engagement in the social networks within the organisation, at the fringes and in the personal networks of the people employed.

In the 21st century our big employers are no longer exclusively factories or production lines they are increasingly service-based (or mixtures of the two), and so the doing for this new workforce is often in the form of problem-solving or thinking. If knowing is a result of thinking (the new doing), then we must accept
that the worker does not stop thinking once they leave the office, they do not stop belonging to the social network of other employees when they reach home and they do not actively shut down their potential when talking with friends and family. The reverse is also true, they may not stop worrying about family issues when in the workplace, and they don’t cease to be a caring mother or father in a corporate environment even if we think they should.

As each marketplace gets more competitive, and the sustainable competitive advantage more elusive, as employers we want our knowledge workers to be creating new knowledge and recognising new patterns wherever they are at any time of the day or night. We must encourage them to share data and information with their own problem-solving networks inside and outside the firm, whilst managing the risk that this may pose. We must create environments, which allow for the free-flow of existing knowledge for the speedy creation of new knowledge and we must reward the social activity of creating meaning from that knowledge and the translation of that knowledge into actions which are in line with the organisation’s objectives. We must also be prepared to change the organisation’s objectives in line with what emerges from this process.

This also has implications for business education. Much of the valuable knowledge in the corporate sector is developed in the context of the organisation not in the ivory towers of academic institutions. Business today needs socially-ready graduates who can quickly integrate into the networks and contribute to or learn from the flow of information in those networks. This may require a rethink in how we structure coursework content and delivery.

To manage the dynamic world of objectives in flux effectively the senior management team of the new millennium needs to be part if this process. Emotional and intellectual engagement is required to understand how the value in the flow can be tapped – we need to put on our life jackets, build ourselves a boat and launch it right into the fast-moving murky waters described by Allee (2000) and learn to steer it in the appropriate direction by managing the effort.
required to power the vessel. This is not a task for the weak spirited and redefines the skills and concepts of leadership we teach in business schools today where the majority of students are still taught how to manage and administer organisations and few are allowed the freedom to explore leadership as the type of skill defined by Goleman et al (2002). This view is supported by Davenport & Prusak (1997, p.129), who state

"Organisations need people with the ability to extract information from those who have it, put it in a structured form, and maintain and refine it over time....universities don't teach these skills"

### 3.4.9 Understanding Social Networks

In any organisation that employs people there will be many and varied social networks formed spontaneously, or by deign, and sometimes both. This simply means that people are connected by formally mediated interactions (such as hierarchies, meetings, reporting requirements), and by simple human interaction by chance or by choice. This is important to management practitioners now that we know that knowledge is developed and exchanged in social interactions (Tymon & Stumpf, 2003).

From a mathematical perspective Sen (in Chakrabarti et al, 2006) describes social networks as having special properties and shows how understanding and mapping them can provide insights into how information is shared. Sen who writes in the context of the new discipline of Sociophysics\(^3\) demonstrates that any collection of human beings may be thought of as a network where the individuals are the nodes and their relationships the links in a diagram such as displayed here in Figure 3.6

\(^3\) Sociophysics and econophysics are part of the intent of unifying the physical, biological, economic and social sciences. Considerable progress has been made in recent years through the use of complexity research.
Figure 3.6 – A network diagram representing relationships in the workplace

If we imagine this diagram as a map of a social network in an organisation you will see immediately that there is a direct relationship between A and B, A and C and B and C. There is a distance of one link joining each pair and they form a cluster where each is connected by one link to the other two, they are perhaps a team in functional or more traditional organisational chart terms. However if either A or C wish to interact with D (in the rules illustrated here) they must do so via B and there are three links separating them from D. This could be an illustration of a formal structural arrangement, or it could reflect a physical location (i.e. D is located somewhere remote from the team and B routinely travels to that location where A and C do not).

It could just as easily illustrate a language difference – where B or the additional node in between has a function which involves translation (to another language or a technical specifications document).

Another example could be that D is not in fact an employee, but a consultant or contractor who is employed elsewhere but is a still a key component of the social network formed for a particular project – communications about the need to
engage them and the scope of the engagement may be the role that B and subsequent nodes play.

This type of diagram can represent many functions, locations, knowledge exchange flows and controls, personal and professional relationships, disciplines, languages, structures etc – but it does not need to reflect physical boundaries, locations, employment status, or other aspects of the normal easily observable physical business world. It is easy to imagine that some of these ‘nodes’ may have never physically met and that the information flow or links are all mediated via documents, the internet, or telephone or other technology.

The same characters (nodes) may play quite different roles and have quite a different pattern of connectedness in different contexts. There is tremendous potential value in understanding these contexts and linkages in any organisation – and great danger if they are not.

Say for example that A and C form an important Project Team working on a highly technical challenge. Let us further assume that B used to work with A & C and had been re-deployed to another Division in the same organisation, but was still in contact with them due to a personal interest in the challenge they faced or perhaps just an enduring friendship.

So we look at this model once again this time overlaid with the formal connections in the site-specific project team. The blue lines and nodes show these:
This new example represents C as the project manager with direct connections that A does not enjoy and also shows C to be a member of at least two other clusters. This characteristic of C is called “betweenness centrality” and nodes with a high value in this arena are key to the project and so should be targeted with retention strategies. It also shows that B is not included at all in the formal structure of this project team.

Let’s assume that D works in an unrelated field but is the brother-in-law of B and has some useful knowledge in the regulatory arena or the investment community or other diverse territory. A & C may not even know of the existence of D but do know that B has useful sources and they wish to maintain this informal technical cluster to access these and inform the progress of their project. This information could have informed the possibilities they invested their time in when many options were available. Their superiors could have easily interpreted this as good reading of the marketplace, and continued to be ignorant of the link.
Enter the change manager given the task of closing down the plant that employs B so that money can be invested in the important project that A and C’s team is working on.

There are no formal organisational or projects connections between the nodes A, B and C, no reporting lines, no common projects, not even a common location. The change manager would map the social network (if they understood their value) as per the blue lines in Figure 3.7 or would simply look at the organisational chart or a simple list of employees. So B is removed, and immediately A and C become less effective as a key part of their information and decision-making network is removed. The unexpected impact is that the increased investment does not bring the results expected for the project and A and C who, were valuable assets (when enabled in the original cluster) are seen as failures and managed out of the organisation, and the expenditure in their project wasted.

So how could this have been avoided? Real social networks are far more complex than depicted here and the context will determine the linkages and the weighting that these linkages should be given, also we need to consider whether they are one way or two way (and weighting may vary in each direction). They are also dynamic, changing frequently as people move in and out of employment, disciplines, organisations, social circles, friendships, locations etc. Attempts to capture the full details and complexity and assigning values to them may be interesting but it would be out of date before it was committed to a mathematical model, so how can this perspective be made useful in the real world of business.

The value in mapping social networks is obvious when represented diagrammatically, but requires careful observation, immersion in the culture of the organisation, participation in dialogue (often on a personal level) with staff members, and an acceptance and recognition of the existence and value in informal power structures in and beyond and the organisation. If these people are in the employ of suppliers that brings into discussions the selection criteria
that is used in determining who get a contract. If these people are employed by a competitor it may open up the possibility of a collaborative approach.

This may seem an onerous task in a large organisation but a now famous study by Milgram (original experiments in 1967, in Buchanan, 2002), where he was able to show both mathematically and experimentally the existence of the ‘small-world effect’ which is a characteristic of many network types including human social networks (and the internet). In his experiment he showed that in a population the size of the USA that the average ‘distance’ in terms of total linkages between one person and another chosen randomly was 6 – this is the source of the concept of six degrees of separation often cited in the media.

No organisation will approach that size in terms of population, so the average distance should be expected to be significantly smaller – so it should not be a surprise to find that many points of betweenness centrality should be expected to emerge in this mapping exercise (many more than standard HR practices would expect), even if there are thousands of employees.

3.4.10 Implications for Change Leaders

Knowing who is key in the social network in a formal and informal basis, overlaid with multiple contexts (social, technical, or functional) will supply a change program with a richness of data that cannot be found in standard organisational charts or spreadsheets of employees.

Given that in times of uncertainty new mental maps of responses to challenges are formed through consultation with others (Balogun, 2006), this consultation process may or may not follow the expected network of relationships (as per formal relationships) and so if a change leader is to assist in guiding these so that they align with the organisational needs they need to know who will be involved in the informal network discussions. In fact, it may be more likely for employees
to look for support in these social and family networks in times of stress as they are likely to be more understanding, less judgmental, and less threatening.

Another powerful aspect of this social network mapping is that there is the opportunity for the change leader to establish themselves as one of the key points of betweenness centrality for the most stressful parts of a defined change project – or to ensure that there is a trustworthy and supportive person established in that position to equip the organisation for future change. This may not be associated with the more standard position descriptions of HR or CEO or similar, and may not even be an employee of the organisation. Social networks are not bound by the Euclidean universe of three dimensions, there is no need for members to be physically, geographically or culturally close and this presents challenges for organisations more comfortable in a boundaried world.

3.4.11 Further Reflections on Theory

Once again it is useful to reflect on where this part of the theoretical journey has taken us. After accepting that there are a number of intangible resources in any organisation where there is value hidden we have turned our attention to one key resource, that of knowledge and how it is shared.

We started with a discussion on the more mechanical aspects of gathering and storing knowledge and quickly understood that knowledge as it is locked up in bits and bytes does not have the VRIN characteristics that Barney (1986) illustrated to be desirable precursors of competitive advantage.

This caused us to consider why organisations believe that knowledge is an asset and we soon realised that what was stored was only part of the value, and consistent with the explanation given by Dierickx and Cool (1989) it is not just ‘stock’ that is of importance it is also ‘flow’.
So how does information flow through an organisation and how does that flow add value? Through people and social interaction, even if focused on the task at hand it is at the human interface that real rare, inimitable and non-substitutable value can be added – this is where information is re-interpreted, built on, and enhanced into meaning for use in the competitive marketplace.

This introduces a second continuum to be navigated by the change practitioner

*Figure 3.8 – Continuum 2 – A new perspective on Value*

![Image of Continuum 2 diagram]

In order to retain and enhance all assets of value in the change process the change manager must have an awareness of the enabling effects of the social network within and immediately outside of the organisation. This requires immersion in the social fabric, or connection to the grid, as described in the concept of intellectual energy.

Figure 3.8 suggests that we need to travel along the continuum from the tangible/measureable asset to find the richness of the tacit and intangible knowledge that exists in the social networks and heads of people.
3.5 Conclusion

In order to understand the process of transition, which Bridges (2002) describes as the process which happens in humans in response to the organisational change around them - we need to think in terms and use language which is not commonly used in business schools and Boardrooms. We need to talk the language of human interaction, or relationships that may be significantly different to formal reporting lines or project teams, and uncover the locked potential in the tacit knowledge of the individuals who may have only previously been seen as boxes on an organisational chart or names and numbers on a spreadsheet.

If the change manager is to become a leader they need to expand their thinking from seeking to manage and control change to being able to live with the ambiguity that is a characteristic of the knowledge era. The change leader then needs to be able to live a duality where they must monitor and influence the conversations, social interactions and sense-making activity of the change recipients and then translate what they discover into the language of the organisational leaders and stakeholders to report against or influence some updating of stated objectives.

To develop an advantage in the marketplace which is sustainable the change leader needs to be equipped to uncover and utilise the truly Valuable, Rare, Inimitable and Non-substitutable resources that emerge from the change. This may indicate an unexpected potential for a different market or with different skill sets, so a sense of dynamic outcomes must be acceptable for the best possible results.

The next chapter outlines a simultaneous journey with similarities and difference to the one just described. It is a journey in Methodology – where once again the researcher discovers the limitations of the worldview she possesses at
commencement of the project. Not only is the perspective limiting, the language too narrow and definitive but the measurement techniques are also inappropriate.

In order to explore the unique journey of the change leader a different frame or lens must be used to observe and record events. Some may view this lens as less sharp, less focused, less certain, but they will have missed the richness and possibilities presented.
4. The Change Journey - Phase 2

4.1 Introduction

This chapter is not a standard approach expected in a thesis of this kind where there is an expectation of a concise description of the methodology used. As with the previous chapter, here the methodology is described as part of the journey and as part of the findings themselves. This has presented a significant challenge to the author and will undoubtedly present the same to the reader – but it is a necessary piece of context.

This is characteristic of an action research approach, as it clearly displays an emergent developmental form (Reason 2006), even though this approach was not the obvious first choice for the researcher who commenced with a positivist ontology.

To return to the research question “What is the impact of change on a leader of change?” It will become obvious as the story unfolds that the choice of methodology is in fact a case study in its own right, and as such is written in a reflective, narrative style.

4.2 The Methodological Journey

This exploration became part of the simultaneous journey of practitioner, student and teacher and ultimately became part of the context for my personal interpretation of reality. This is a demonstration of Giddens double hermeneutic (as described in Blaikie, 1993) in that it is a dual process of translation and interpretation where lay language can impact technical concepts and these in
turn can be appropriated into common language, in this case the reflective narrative style used.

It is also consistent with the concept of ‘practical knowing’ or ‘knowing-in-action’ where cycles of action and reflection create iterative knowledge in a way which is messy (Reason, 2006) and therefore creates the richer context of the story of how it came about.

The use of narrative gives context and temporal relevance to this journey which is a complex one and although only one individual’s account of change may still have relevance to others as it describes a process of awakening on an academic, professional and personal level each of which are possible for another action researcher/practitioner in another time and place. This is described by Rae (2004) as the concept of practical-theory of action developed from practitioner accounts of ‘what we do’ and ‘what works’.

4.2.1 The Paradigm Continuum – Starting Point

I always considered the necessary review of methodologies and the decision relating to research design for final parts of the Doctor of Business Administration program was going to be problematic for me, but I could never articulate why. From the first sessions in the DBA coursework where qualitative research was discussed I found myself rejecting the concepts and sitting firmly in the camp of the quantitative researchers. I was a Critical Rationalist with strong belief that I could test any hypothesis and therefore develop my view of reality through tangible trial and error, and I was happy to declare this with the certainty that only a Critical Rationalist can muster (Blaikie, 1993)!

I understood the world of quantitative analysis, I understood the mathematical treatment of data to achieve a level of confidence, and the evidence-based world of science was where I felt most comfortable. I knew nothing of ontology or epistemology or other strange sounding words of social science like
phenomenology or ethnography, and I was not interested in learning about them as they were somehow less valid (in my mind), less familiar and not necessary when everything that was worth knowing could be observed, measured, reduced to a model or mathematical treatment where future events and outcomes could be confidently predicted. I was focused in methodological challenges and did not understand that what underpinned my acceptance of particular methodologies was an epistemology.

This is a common position in the business world where the focus is on the measurement of tangibles, and the efficiencies with which they are used.

This is described by Torbert (cited in Reason, 1999 a) as the frameset of the Achiever where the world is perceived within the frame of a single paradigm and there is no attempt to explore a multi-disciplinary perspective, consistent with Kuhn's (1962) description of paradigms.

So I started the journey at an extreme end of the continuum, so extreme in fact that I rejected the concept of a continuum, as I had a more black & white view of the world (there was quantitative and there was qualitative and never the twain shall meet, they were mutually exclusive). If we were to represent this diagrammatically, the picture below shows where I stood.

*Figure 4.1 – Realisation of limitations of extreme starting position*
The reason I was unfamiliar with the concepts of ontology or epistemology was that I lived in a single paradigm, that of ‘dogmatic realism’ of the classical sciences, where observations do not create reality, they uncover it (Heisenberg, 1962, xii).

Evidence-based decision making dominates many of our lives. We seek proof of the efficacy of drugs before they hit the marketplace by forcing pharmaceutical companies to run extensive trials. We seek economic models to justify the expenditure of tax-payers money, seeking the best value for every dollar. We seek to manage and/or minimise risks in the workplace by researching new markets, new concepts, new employees, or new business partners before starting down a new path.

Everyday in business we seek to know as much as we can about an issue before committing energy or resources to it. But we don’t just take anybody’s word for it and we don’t just search the internet and accept statements as true. We put boundaries around what we regard as valid information or knowledge, we don’t want to be told what people think or believe, we want to know the facts, we seek a single indisputable truth.

This mindset also permeates into business research (whether practitioner or theoretician led). We must provide reference lists and bibliographies to prove the
credibility of the sources and therefore the conclusions we draw from them. We must provide data sets and workings to show how we analyse quantitative information and occasionally mathematical or logical models that support our new and extended theories on the subject under scrutiny.

We seek clarity around methods, methodologies, data collection, analysis, limitations, scope etc, all to help us understand the boundaries and to assist us in determining whether it fits our epistemological frame. This is the criteria by which we can know what does and does not constitute warranted or scientific knowledge (Johnson & Duberley, 2000, p4). Once we feel secure that we have validity in new knowledge we move forward with confidence proposing new theories for testing or old programs to support.

We become concerned about information when we think it is from a biased source (e.g. researchers who have been funded by the manufacturer and suggest that a drug or other product is safe for use). Unless the evidence is collected, analysed and presented in an objective manner we remain unconvinced.

This is the ‘scientific’ approach to the world and represents an epistemology that assumes the possibility of the objective and uninvolved observer and the necessity for the objective researcher. There is comfort in this focus on knowledge as an inert set of data points which is independent of the researcher. There is no emotional content, no predisposition to skew results, no vested interests seeking to gain political or economic advantage – this is pure science and the search for the truth (of which there is only one).
This objectivist epistemology fits well with the numerate business person and those who build models to predict the likely future in business. Blaikie (1993, p6) describes epistemology as:

“An epistemology is a theory about knowledge; it presents a view and a justification for what can be regarded as knowledge, what can be known, and what criteria knowledge must satisfy in order to be called knowledge rather than belief.”

There are no gray areas in traditional (what Blaikie calls natural, what I call physical) sciences, anything stated is merely theory or belief until it is measured. Once it is measured it must be reproducible, in this world we proceed to the development of an hypothesis which would explain the observations or theory and allow us to understand them in a rational way (Bohm, 1957). The hypothesis can then be tested through appropriate experimental design where measurements are carried out, documented, treated in some mathematical manner and conclusions are drawn – more often than not, this is not made public until it is reproduced many times over. Once the hypothesis has been supported by repeated successful observations or rejected due to the opposite outcome – it then gets presented as facts, new knowledge, clearly it is no longer simply a belief as it has been proven (under very specific experimental conditions).

Even then it is published via a peer-review process where further questions may be posed, challenges made regarding the validity of data by experts in the field. Only then are the facts considered worthy of acceptance, often with limitations or disclaimers. These facts will then be used as the basis of predictions, and extension from the empirical data collected (Bohm, 1957) in this way they become 'laws'.

The world of the positivist was the only one I knew (or at least that is what I thought).

4.2.2 Paradigm Continuum - Shifting to the reluctant interpretivist:
There were problems with my paradigm. After publicly rejecting the world of the qualitative researcher, along with a number of my classmates (as paradigm blindness appears to be a common issue with business practitioners), I tried to move forward, mislead by my own blinkered view. My literature review on theory (as described in the previous chapter), in which I commenced looking for an economic explanation of change, led me from traditional economic theory to the RBV and thence to dynamic capabilities. The inability of these theories to explain change led me further into an exploration of knowledge management and social capital, both of which seemed more able to cope with the ambiguity of Twentieth Century business. Based on these findings I felt that my early inability to define my research question in terms of dependant and independant variables was simply just an issue of creativity, and that it would come to me soon.

I wanted to survey a team of people who were involved in a change project I was leading. I felt all that was needed was a simple questionnaire, ensuring that I got responses from a sufficiently large sample set, proceeding with the analysis and presenting my definitive conclusions. This questionnaire would be designed after initial investigations of the current literature on the subject, (preferably the quantitative stuff) and my own agenda – my theories, beliefs and biases that were based on my informal observations and the information I hoped to uncover. I wanted to test my hypothesis. These biases (expressed as hypotheses) would be easily justified if the sample size was large enough and the statistics strong enough.

But it quickly became apparent that what I was trying to measure (the impact of change on a leader of change) was not a clearly defined concept and as such could not be described as a single or simple set of variables – it was not an easy measurement or even easily definable unit, it was not like measuring the speed of an approaching vehicle with a calibrated laser device\(^1\).

\(^1\) This analogy is used purposely to demonstrate that Physics has provided us with a lot of tools to make definitive and indisputable measurements. We may not understand the science of the laser-based radar but we know that it gives us pinpoint accuracy in both absolute terms (when the vehicle is moving and the radar is stationary), and relative terms (when the radar is mounted on a moving vehicle and the speed and direction are then subtracted from the speed of the vehicle being monitored)
Del Val & Fuentes (2003) describe organisational change as something that can be observed in an organisational entity where it varies in shape, quality, or state over time after the deliberate introduction of new ways of thinking, acting and operating. But, there was no clear definition of ‘change’ at an individual level as new ways of thinking, acting and operating will mean something different to each individual as they are influenced by their experience (work and life) and perspectives. As described previously Bridges (2002) suggests that people don’t change in the context used for organisations, they transition, and often in an unpredictable way. There were no boundaries, no definitive start and finish, just phases of varying intensities – change was a continuous characteristic of modern business and of life, and so, therefore is transition for the working individual.

The change practitioner in this environment needs to become part of the trusting social network to understand how transition is progressing, where the valuable sources of codified and tacit knowledge lie and how that knowledge is transported/shared around that group to form the new mental maps (Balogun 2006) for future decision-making in the emergent culture – they must become immersed in the process themselves and may even have to lead by example to be effective in encouraging others to share what is happening for them and their social group.

Balogun argues that individuals in any organisation have a mental map or model of how things should happen. This is tangible knowledge that can be built from exposure to training, policies, systems, procedures, examples of others, experience, stories, observations and many other sources (Balogun, 2006).

During times of stability these maps allows staff to operate with confidence, little supervision and without stress, drawing on the maps for guidance in decision-making and responses to new challenges. It is the agreed codes of practice. But during times of change the certainty is removed and behaviour becomes less ‘pre-programmed’ as they have to take into account different ways of doing
things, new technology, new people, new processes, new business philosophies, new information/new knowledge etc. This means that even simple decisions require more thought, more consultation, more support and quite possibly more time. They have to move to a more conscious sense-making process.

She suggests that when activities or events happen which individuals cannot understand through their existing schemata they act as sense-making triggers. Response to these triggers includes interpretation, possibly followed by actions. These actions can lead to intended or unintended change outcomes. Their interpretations, actions and ways of communicating these to those around them reinforce the sense made until new common ground and accepted ways of working are once-again established. The collective once-again agrees on an acceptable knowledge base, and response to challenge.

This is shown in Figure 4.2 where the starting point for the population is described by 'Old Mental Maps', when things change around people in the form of triggers and a sense-making process begins where the “why?” question is asked.

Monitoring responses to these triggers and this process are in her recommendation the best means of managing the change process to ensure alignment with objectives. This requires immersion in the context and participation in the social interaction such as the gossiping, the story-telling and the exchange of ideas. This is where the tacit knowledge of the social networks emerges before it becomes set and codified in agreed responses. If this is not monitored new ways of working will become increasingly inconsistent with the longer term objectives.

This is shown in the Figure 4.2 on the right-hand side where the change practitioner will have input into the sense-making process and will attempt to influence the outcomes so they remain aligned with the objectives.
This means that the change practitioner needs to be, ideally, co-located with the recipients of change to ensure that the informal exchanges can be monitored as well as the formal.

But as a participant in the change process the leader of change must also consider the challenges to their own mental maps as new situations arise and must be able to very quickly draw on a sense-making framework in order to adapt and respond as they will be observed and will, in turn, have impact on how others will respond in future. The leader of change must therefore have well-developed, adaptive response abilities, a good stock of tacit knowledge to draw on and be prepared to re-interpret aims and objectives in light of the new Mental Maps emerging as shown in this diagram. This is the first confirmation that the immersion in the change process has an impact on the change leader.

Where the change project is complex or running over a protracted period of time this process of re-alignment of mental maps will be continuous and iterative and so the change manager must be vigilant, close to the ‘action’, observing behaviours and listening to dialogue to ascertain when intervention is required.

*Figure 4.2 – An illustration of Mental Maps changing over time*
The key to ensuring alignment in the majority of cases is to understand the “why” in the central coloured box, before the action gets initiated, observed and becomes part of the organisational shared meaning.

For the manager of change, the same process happens when new challenges occur and these new challenges may even be a result of discussions with recipients as part of their sense-making process. In these cases there may be the necessity to establish an internal dialogue to allow for confident and speedy
responses and development of new guidelines ensuring action aligned with intended outcomes.

This problem-solving and decision-making capacity of the change manager will determine very quickly if a change program gets started on a positive path, making it easier with each iterative step to keep the program on track.

If we agree with Balogun and consider that change is an interpretative process then the role of the manager of change is to continuously interpret the objectives of the program in order to attain the appropriately aligned response to new challenges (triggers).

This may be why in many cases valued staff members with a track record in appropriate interpretations of business objectives are chosen to lead change within organisations. However, it is clear in Balogun’s work that this process, which will happen much more frequently and at an accelerated pace throughout a planned change program, will also create a new mental map for the leader of change. This new schemata will be an amalgamation of logical assessments, cultural and social influences, observations, interpretations and much more and their worldview will have changed by the end of the project, sometimes subtly, sometimes significantly.

A key issue here is that the change manager must have either formal power decreed or establish themselves as a seat of informal power (and influence) in order to steer the population in the direction of the desirable new mental maps. As this is likely to be an iterative process the intensity of this role will increase over time and it becomes of key importance to retain the individual change leaders throughout the process of a critical change period. The value of this individual becomes higher as time progresses, and the risks associated also increase in magnitude
Recognition of this process of continual change and negotiation of new mental models creates a challenge in designing a research approach that accommodates the duality of an immersed practitioner/researcher.

4.2.3 Co-existing worldviews

I had started to consider the limitations of the positivist approach, since my research question (and what I intuitively knew about the issue) did not lend itself to an experimental design or data collection methodology consistent with this ontology and epistemology. I was able to cast my mind back to my original introduction to the concepts and mathematical theories of quantum physics in my undergraduate years and recalled how this required an expansion of worldview and an acceptance of complexity and possibilities beyond anything previously imaginable. I recalled the anxiety of being presented with a complex mathematical or physics problem, having no valid tools to apply to solving the problem and how the only way forward was to go back to ‘first principles’. What I didn’t realise at the time was that this process was going to be a useful one in later life.

I continued to battle with the idea and considered that perhaps my experimental design was at fault, not elegant enough or not clever enough since I knew from my scientific training that the correct experimental design could give you the answers you wanted. It is well known in physics that if you set up an experiment to measure light as a wave you can measure the properties of light as a wave – but if on the other hand you wish to measure light as a particle you can set up an experiment (in the same lab with the same experimenter) to measure light as a particle. Both cannot be manifested simultaneously, and so the experimenter and then the experimental design will determine the nature of the results (Heisenberg, 1962). These are co-existing but distinctly different realities in measurement terms, that can only be executed and observed one at a time.

I knew of this apparent world of self-fulfilling prophecies and started to consider that this was a whole other possible reality (what I didn’t realise was that I meant
a whole other ontology). This was similar to the world where classical and quantum physics co-exist. Classical physics is the Newtonian world of cause and effect, where the same action will cause the same predictable result each time. Where quantum physics introduces to us the concepts of uncertainty principles, and probabilities, where causality becomes blurred and ambiguous, and the observer can impact on the results.

**Figure 4.3 – Continuum 3 – Physics Ontologies**

To try to explain this simply, Continuum 3 outlines the differences between newtonian and quantum ontologies. Consider that in classical newtonian physics you can measure the position of the planets at two points in time and map with a sense of certainty the path that they have taken between these two points. You can then use these ‘rules’ as a means of calculating where they will be in the future, to predict events like eclipses with a level of accuracy and reliability that is satisfying. This is because the causal relationships are well known, have been measured and re-measured with increasing degrees of accuracy as instrumentation has improved.

In the quantum world we need to consider atoms and sub-atomic particles or other entities of similar size. Firstly, measurements are much more problematic due to the size, and secondly there is a raft of reasons why we are uncertain of the results of any measurement. We can measure the position of say an electron at two points in time, but the level of uncertainty means that we can say nothing of the path it has taken between these two points or where it will be in the future.
There are no definitive rules only probabilities or chances (as described by Bohm, 1957). These chances become reality only when an observation is made, so the very act of observation locks in the certainty of the situation for that instant, and a second observation or a second observer may or may not lock in the same reality.

When a young Werner Heisenberg worked out the basic equations of what would become quantum physics he was struck by the puzzle of uncertainty. His equations suggested that it was not possible to know with total accuracy both the position and the velocity of an electron or similar particle. Measure one of these properties and the other became increasingly elusive.

He reasoned that if you had a hypothetical microscope which was incredibly delicate and could be used to measure the properties of an electron and assume that it was so refined that it used a single photon (packet) of light to measure the position of the particle (imagine it is needed to illuminate the scene to allow measurement); then a second photon is used to measure the speed. But by making the second observation the second photon has applied a little kick of energy to the electron and has moved it so its position is not the same as that measured by the first part of the experiment. Try once again to confirm the position and the third photon will cause a further change.

Pleased with this explanation he presented his work to his mentor, Bohr. Bohr’s response was to question Heisenberg’s worldview. The basic assumption that an electron was like a billiard ball and therefore possessed the tangible properties of both position and speed simultaneously was a classical concept that had no place in a quantum world. Heisenberg’s conclusions were based in the ontology of the Newtonian world – so even when the observations (which at this stage were still based on theoretical mathematics) challenged the ontology there were limitations to how this could be expressed.
Bohr wrote “we are suspended in language” and pointed out that all languages have embedded ontologies, belief systems about space, time and causality. Most western languages are based in classical ontologies – physicists on the other hand, had the language of mathematics that allowed them to articulate this new quantum world but it was a language few lay people understood.

Key to understanding the quantum world is the notion of complementarities as follows:

“Bohr considered the two pictures – particle picture and wave picture as two complementary descriptions of the same reality. Any of these descriptions can be only partially true” (Heisenberg, 1962, p6).

Bohr’s observations suggested that sets of complementary pairs such as wave and particle characteristics were both possible (expressed in terms of probability functions). However, the more you tried to pin down an accurate measure of one, the more inaccurate and difficult the complement becomes to pin down. Again, what was being described was that the experimental design and the act of observation lock in the reality at that instant.

Heisenberg discussed Bohr’s references to another issue physicists had to consider when he wrote

“It is wrong to think that the task of Physics is to find out about nature. Physics concerns what we can say about nature” (Heisenberg, 1962, p7).

In short the language we use to convey the question can impact on the results, and perhaps the way we tell the story, as both reflect our ontology. This acceptance of more than one single reality, of more than one truth has no place in the ontology of the positivist.

A similar challenge exists for the business practitioner. When working in the interpretivist arena there is an issue of language and of working with concepts and information that may be seen to have questionable validity since the language of business remains that of the positivist. There are no reliable
performance measures in place for items such as tacit knowledge and sharing of this in social networks, or trust, or commitment/engagement, or motivation, yet their impact can be observed and there is no doubt about their existence.

Let us consider the positivist language of business as it is expressed through accounting principles. In these we count the costs of people as liabilities on a balance sheet – with their accumulated rights to annual leave, long service leave etc shown as a dollar value that increases with length of service. Their current salaries and associated on-costs appear on the profit and loss as expenses that are incurred by the organisation. This makes them vulnerable to the compelling logic that profits will be enhanced and liabilities reduced by trimming costs – but taken to the extreme that would suggest that the theoretical target is to eliminate all of the people and therefore the associated costs! Even the most cost conscious accountant will see that this defies logic, so the question to ask is, if the organisation needs people to produce the products or services for sale in the marketplace, then which people does it need and why? This question starts a conversation about where the value lies in the human resources of an organisation, and why we have yet to find a place for that in the assets section of our balance sheets.

4.2.4 The Search for an Alternative to the Positivist worldview

Hussey & Hussey’s (1997, p53) outline of the main criticisms of positivism illustrate the issues that were starting to emerge for me

- It is not possible to treat people independent of their social contexts, you need to seek to understand their perceptions and to measure (or attempt to) tacit knowledge, knowing that he very act of observation or interaction could change the content, in the same manner as reflection can change subtly the remembered reality
• A highly structured experimental design may miss some of the richness and more interesting or relevant results (in this case the real contribution to management practice).

• There is no such thing as an objective researcher, the observer impacts on the results by bringing their own perceptions, value and past experience to the experiment (consistent with Quantum theory as the immersed researcher you can lock in a reality that is consistent with your experimental design and worldview).

• Attempts to try to capture complex human phenomena in a single measure is fraught with difficulties as each interaction can lead to subtle changes (not unlike Heisenberg’s challenge of explaining uncertainty).

This journey had therefore taken me to a position where I needed to consider a new worldview – what was the opposite to Positivism, where could I go if causality was not going to provide me with the insight I wanted where uncertainty was likely and complexity a challenge? By this stage my desire was a deeper consideration of what contribution I would be able to make to professional practice.

Many of the texts suggest that the researcher needs to be comfortable with the strategy employed as this is important in terms of ease of completion and that there is often a practical bias in research based on access to subjects, data, costs, timeframes etc. My case appears to be the opposite of this; I found myself as the reluctant Interpretivist who started as the Critical Rationalist, the one who needed proof (or at least strong support) of the hypothesis posed. I found myself misaligned with what had been my preferred methodology.

I now view that as a naïve perspective, I can now see the merit in each end of the continuum from positivism to interpretivism, from quantitative to qualitative, from classical to quantum – and because I started at one extreme I felt compelled to
explore the world from the other. I needed to stand in the shoes of my nemesis to understand the implications for me as a practitioner. Once I started I found myself living the duality without fear, I found myself in the mindset of Bohr – understanding that it is possible to have complementary realities. This required me to start to think in a new language of flux, intangibility, and uncertainty. But herein lay a challenge, in order to determine a suitable research strategy I needed to be prepared to lock myself to point in the epistemological continuum and stay there, at least until my thesis was complete, then I also had to consider the implications of my view of reality. In social science terms I was now also exploring ontological alternatives.

Blaikie (1993 p6) introduces this idea of multiple paradigms with an excellent description of ontology in the context of social sciences by describing it as:

"claims or assumptions that a particular approach to social enquiry makes about the nature of social reality – claims about what exists, what it looks like what units make it up and how these units interact with each other"

So at the start of the journey the assumptions I was using were that of ‘classical physics’ or the models of cause and effect – using the language and descriptions appropriate. I firmly believed that ‘what goes up, must come down’ as these were the laws of nature and there could be no variation from these rules except for an increase in complexity to explain minor variations. Assumptions in this realm are proven and tested. But now I found myself considering the fact that the world is not that simple and working backwards from the attempts to fit a methodology around the research question I found that all my philosophical assumptions were in question.

Johnson & Duberley (2000, p72) suggest that to consider the ontological status of something is to ask whether it is real or illusory. Let us consider the scientific methodology again. If data collected appears to be biased, is not reproducible or is inconsistent with the hypothesis posed then it is often discarded or considered as methodological artifacts or anomalies that should be ignored until they can be resolved by better equipped researchers in the future.
An example of two very different ontologies are described by Johnson & Duberley (2000, p 67) in their description of realist and subjectivist ontologies. In the former there is an assumption that social and natural reality exist independently of our cognitive structures; an extra-mental reality exists whether or not human beings can actually gain cognitive access to it. The latter assumes that what we take to be external social and natural reality is merely a creation of our consciousness and cognitions; reality is a projection of our cognitive structures with no independent status, it is in the mind of the observer.

This presented a significant mental challenge for me – the realist ontology is that of the classical scientist whereas the subjectivist ontology approaches that of the quantum physicist where many possible realities co-exist and are locked to the act of observation at that point in time only. A later repeat of the experiment is likely to produce a different result. Add to that what I already outlined regarding the limitations of the positivist view, that everybody’s interpretation of events is coloured by their personal views, life and work experience, culture, age and many other factors and I was coming to accept that a move along the continuum to a more subjectivist ontology is necessary for the research question I have posed. That, every leader of change will have a different mix of these, a different starting point and therefore a different outcome.

Upon reflection I consider this to be an awakening in terms of tacit knowledge for me personally. The intellectual flexibility to accept the concept of multiple realities had been learnt at an early stage in my studies and I had not realised that I had the capacity until this time, or that this capacity was useful. My reality had been affected by my dissatisfaction with the methodologies that were familiar to me and as I had access to more information (classes, readings, colleagues, and lecturers) my view of the world and the utility of familiar paradigms were changing rapidly.

The positivist view of change had become too simplistic in some ways – it would have been possible for me to collect enormous quantities of data about the merits
or the measures of success and how people rated a change program on a standard scale, or how the process could be modeled from a process mapping, financial planning, strategy documentation kind of way – but that would be such a small portion of the reality for the people it would not capture anything of use or anything new to the practitioner (except perhaps for the external consultant).

It would have been possible to produce reports about what percentage of the workforce felt that change was necessary or possible or good or bad or any other descriptor which was seen to be useful for reports to stakeholders. It would have also been possible to determine how much change was likely to costs (and this was in fact done with multiple models and possible worldviews) for the purposes of planning and Board consideration. It would have been easy to do a customer survey of what parts of the business needed to change and by how much (e.g. response times, technology use, integration with customer needs, pricing etc), but all of this just serves to show that change is inevitable and that everybody has a different view on what it is or what it should be, it tells you nothing about How. How it should be done, or how it should not, how it will impact on the people and therefore the business and in turn the customers and the competitors and the marketplace and outwards to all the stakeholders seen in the usual stakeholder maps.

I knew that there was much more going on in the hearts and the minds of the people than could be shown in a Gantt chart or in a budget document and I knew that any project plan or financial model or any of the attempt to quantify the future after change was science fiction – that there were too many variables, and variables of the wrong kind (not quantitative) and that there were some assumptions about causal relationships that were simply wrong (or based in a simple and incomplete set of assumptions) – this was my 'gut feel', my tacit understanding that I could not yet articulate – suddenly the limitations of the quantitative approach were uncovered, and I had to find an alternative. My bag of sense-making tools was inadequate and I could not with any confidence predict the future, I had to go back to first principles, to learn to live with that
uncertainty, and that called for a reconsideration of the worldview of the Quantum Physicist that I had explored in earlier life.

I also had at least two moral/ethical issues to contend with which added a degree of difficulty to this choice. Firstly, I was employed full time in Case Studies 1 and 2 as a senior executive in a demanding job (more fully outlined in chapters following). This organisation did not value (and in fact often rejected) higher education. They offered no support for those who wished to study and only tolerated it if it did not encroach on work time. To try to conduct research on subjects in the workplace during work time would have been completely unacceptable, and to try to access them outside of work hours would have been in direct conflict with privacy policies.

Secondly, in all cases the participants/targets of the change projects were my subordinates. Their futures were uncertain and their continued employment dependant on the recommendations or decision that I made. I could not as a manager ask them to participate in a research project without a sense of concern that they felt obligated and that their responses were coloured by the power imbalance (mine certainly would have been if I were in their shoes).

This swung the balance to the qualitative approach with the practical limitation of a single voice/perspective supplemented by informal but useful input from others wherever the opportunity arose. Whilst a superior approach may have been to combine quantitative and qualitative methodologies, the concept of complementarity outlined earlier (where only one ontological approach at a time is valid) suggest that the pragmatic ‘what works’ approach became the only option available under the circumstances.

This led me to my first research finding, namely that the leader of change must themselves change in this case I had to be prepared to live with ambiguity rather than try to manage or control it.
4.3 Reflection on the Methodology so far

After the first part of this journey I was determined that to answer the question posed for this research an interpretivist view of the world, aligned appropriately with the ontology and epistemology of this research approach was needed.

Hussey & Hussey (1997, p51) show the continuum of Ontology between the two extremes of positivism and interpretivism (adapted below):

Figure 4.4 – Continuum 4 – Core Ontological Assumptions

Gill & Johnson (2002) suggest that the interpretive approaches argue that, unlike things, human beings are able to attach meaning to the events and phenomenon that surround them, and from these interpretations and perceptions select course of meaningful action which they are able to reflect upon and monitor. This is consistent with the concept of tacit knowledge and sharing that my theoretical review had identified.

The research question proposed required a position on this continuum reflecting equal measures of “reality as a realm of symbolic discourse” and “reality as a social construction”.

Johnson & Dubberley (2000) attempt to illustrate different approaches to management research in a simple model (which they caution us to consider as
too binary) where they introduce a variety of different worldviews (Figure 4.5). This highlights a variety of approaches and assumptions, experimental design and methodologies that could be employed to answer a research question.

Both Conventionalists and Critical Theorists reject positivist epistemology specifically rejecting the concept of a theory-neutral observational language. They replace the concept of the scientist’s passive observation of reality with that of the scientist as an active social agent conducting a value-laden activity which is context-bound.

Gill & Johnson (2002) state that Critical Theory is concerned about organisational change – with a particular emphasis placed on power relationships and ensuring that voice is given to marginalized groups. The general population of an organisation where a change process is underway may or may not have the mechanism to add their voice to the process. In the context of this thesis some change managers could also be seen to be a marginalised group, independent servants of management with influencing power but few decision-making rights – possibly feared by the general population on the shop floor.

The Pragmatic - Critical Realist lens builds on this and leads to an explicit consideration of how different bodies of socially constructed knowledge are practically adequate in terms of varying ethical, moral, ideological and political purposes (Johnson & Duberley, 2000).

The epistemological commitment of the Critical Theorists and Pragmatists is to engender new (socially constructed) self-understandings and simultaneously expose the interests which produce and disseminate knowledge which was taken to be authoritative and hence unchallengeable. In doing so, members democratically reclaim alternative accounts of phenomena – ‘transformative’ redefinitions which thereby become available to transformative interventions which can themselves be judged by the pragmatic criterion of ‘what works’. (Gill
& Johnson, 2002, p188). This is not dissimilar to the negotiation of new mind maps (Balogun, 2006) described earlier.

The South West quadrant is where an interpretivist view can be found where the ontology is objectivist in nature and the epistemology subjectivist.

*Figure 4.5 – Different Approaches to Research*

![Figure 4.5](image)

Occupants of the South West Quadrant of objectivist ontology and subjectivist epistemology are described by Johnson & Duberley (2000, p185) as follows:

‘... regard epistemic reflexivity as emancipatory by both sanctioning and enabling the investigation and problematization of the taken-for-granted social constructions of reality which are located in the varying practices, interest and motives which constitute different communities’ sense-making.”

Emancipatory is an excellent word to describe the impact on the researcher in this case. There will be no definitive answer to the research question asked, just indications of what might work, freeing the researcher to explore further meaning by reflection – there will be no causal links or quantifiable data, just implications, and a review of the many possible truths of the people who might be able to
participate in this discussion. These truths will show that their realities are a combination of their life experience, their work experience, their education, their cultural upbringing, their native language, their personality traits and many other contextual parameters that are not easy to measure or even identify.

Nevertheless the information gathered will be useful as it will give guidance to other practitioners about what might work, what issues should possibly be explored and a sense of the complexity of the challenge.

“Interpretivism takes what positivism and Critical Rationalism ignores – the meanings and interpretations, the motives and intentions, that people use in their everyday lives and that direct their behaviour – and it elevates them to the central place in social theory and research…” (Blaikie, 2000, p115)

This approach allows for an exploration of the stories behind the people, the narratives of the participants in the everyday work life or the organisation undergoing change. Change managers need to have an understanding of the power and the important information expressed in these stories, and an interpretivist approach lends validity of this exploration as a research technique. Interestingly the ‘rational actors’ assumed in standard, positivist, economic theory are abandoned for an exploration of the varied influences on decision-making by real, complex human beings.

This pragmatic approach seems far better suited to the view of the world expressed in the previous chapter on the Theoretical journey – especially since it has a specific reference to ‘what works’ which gives a satisfactory link to the world of professional practice. This is the epistemological approach taken in this thesis.

4.3.1 End point of search

This story culminates in my acceptance of an unfamiliar research methodology, strategy and approach, which is an exploration of the worldview from the other end of the ontological continuum.
I now understood that the Interpretivist view could provide insights into another reality that would have potential value for me personally and practitioners in general who are familiar only with the more common positivist world of the linear and predictable change processes, rules, financial models and desire for certainty in outcomes.

Just as quantum mechanics provides detail of interactions at a particle levels and is complementary to classical physics at a macro level, so too the proposed approach outlined here can give clues at that level of individual components of a complex entity (like an organisation). Some understanding at that level could well provide enormously powerful insights into 'harnessing' (as in this ontology 'management' is a concept with no place), the potential of these individual components for a positive, even if somewhat unpredictable journey of change.

4.3.2 The research design of the Interpretivist

Pragmatism presents a number of choices in research approach. Gill & Johnson (2002) describe the Deductive approach as a “scientific” one where a theory is proposed, and the source of that theory is not really important as it will be tested. It is somehow operationalised so that there is something that can be observed and tested – so the hypothesis is stated for testing. Testing is conducted and the hypothesis is either discarded (data collected proves it to be false) or temporarily supported until next round of testing. This is the classical scientific approach of falsification.

The operationalisation of the theory can be somewhat arbitrary and determines the experimental design (what is to be tested, how, in what population etc) and the same theory can be interpreted in many different ways – this may be open to bias, interpretation, errors and assumptions. This approach is intimately tied up with positivism, where there are three rules (a) for social science to advance it must follow the rules of experimental design and testing of hypothesis in the
same manner as 'hard science’ – like physics as described earlier, (b) the knowledge produced and the explanations used should follow the same causal structure and (c) social scientists should treat their subject matter in the same way as physical (or natural) scientists

This is not a suitable approach for the research question as it is now posed as it is too definitive in the search for truth (not accommodating of more than one truth), and still too positivist.

An **Inductive** approach is the opposite, described as a process of establishing a general set of rules or laws based on past experience, or an accumulation of data and observations to explain future observations, theory is the outcome of induction” (Blaikie, 2000).

The causal model of deduction is seen by supporters of this inductive technique to be not appropriate in the social sciences as human beings are different to things. They have the ability to act according to their own logic, and they have a subjective comprehension of their own behavior. This means that human beings cannot be understood in a causal framework. Deduction uses an external frame of reference to describe and explain the action of things, induction on the other hand requires an understanding of the internal dimensions of human beings. An example given is that billiard balls can be explained using the laws of physics which are observable and reproducible on any table – but the actions and responses of the players cannot be explained without understating things like motivation, experience, political agendas, relationships etc none of which are clearly observable or predictable. That is, it is important to recognise the upstream determinants (or inputs) of behaviour, the things that get distilled in the split seconds before determining what action or response is appropriate.

This comparison between Deductive and Inductive approaches is also described as Nomothetic (deductive and structured) or Ideographic (inductive and less structured). The latter is about getting inside and involving oneself in the
everyday flow of life. This approach sounded promising, however, Blaikie (2000) describes inductive techniques as still positivist, which entails ontological assumptions about an ordered universe made up of discrete and observable events – so it must also be rejected.

**Retroduction** is too much like Deductive approaches in the construction of a hypothesis to be tested, so that leaves Abduction, by a process of elimination.

Blaikie (1993, 2000) describes **Abduction** to being peculiar to the social sciences and not very commonly used (although this may have changed in recent years). It has also been called phenomenology, symbolic interactionism and ethnomethodology.

The **Abductive** research strategy entails ontological assumptions that view social reality as the social construction of social actors. It is their creation and does not exist independently of their social activities together; it is about negotiated meanings and common language. They are constantly changing, and are dynamic (Blaikie does not acknowledge this last issue), so they can only be observed as a snapshot in time and may not be constant, i.e. they may be changed by the very act of query or observation. There can also be more than one dimension more than one simultaneous possibility or truth depending on whose eyes the world is viewed through. This is consistent with the ontological assumptions of quantum physics, even if the context is completely different.

Blaikie (2000) himself describes the ontology as relativist rather than “absolutist”, a surprisingly insightful use of language when a comparison is used with the meaning in Physics, allowing us to take this view one step further and go beyond relativity to the quantum world where chance and uncertainty and causal ambiguity are central themes. Relativity is still too positivist a word to use (see note on radars, on page 75).

So the research approach now becomes one that could be described in a framework of **Dynamic Abductive Pragmatism**. An approach that accepts
multiple views of reality, which are constantly changing but continuously informs decision-making and testing of ‘what works’ in sense-making, actions or social interactions.

The epistemological assumptions of the Abductive research strategy regards social scientific knowledge as being derived from everyday concepts and meanings, from socially constructed mutual knowledge. Adding the sense of continuous change or renegotiated meanings and continuous reconstruction gives us Dynamic Abduction.

Blaikie (2000) says that it is Abduction based on the following principles…

1. The basic access is accounts by the people of themselves and others
2. These are provided in the language of the people, their own concepts and theories
3. Assumes that much is routine and unreflected (unless observed, reality is not captured)
4. Construct meanings are only considered when something disrupts routine or things become unpredictable (like in the situation of major change when meaning has to be re-negotiated)
5. Observer may have to resort to creating this disruption to get reflection (a common strategy in change management is to create a crisis to ensure motivation to act)
6. Fragments need to be spliced together for meaning (as a social construction)

Blaikie fails to acknowledge that this information has a dynamic nature that accounts of the same events will change with each telling with further reflection, further experience, further learning and the inexact nature of human memory. Perhaps he considered that this was of little importance as abductive research was subjective and reflective of possibilities rather than defining of facts. This is where Pragmatism is the obvious partner; we are not looking for exact GPS
coordinates, just general signposts giving clues to the possible path worth taking, whether it is by defined roads or cross-country.

Another challenge that the Abductive researcher must deal with is that their theories become secondary constructs, that is, they are interpretations of the actor’s interpretations of the world as the researcher cannot see the world in the same way – they are overlaid with their own personality, insights, training, skill sets, cultural influences, language etc, (Blaikie, 1993, p180), and drawing from comments earlier – at that point in time.

The research design proposed here seeks to overcome this limitation by combining the roles of the researcher and the research subject into one using the lived experience of the change leader, exploring how reality was processed and what sense-making filter were used, and to further develop this through reflection and learning (developing a sense of ‘what works’). There can be no mismatch in motives or language or interpretation in this approach; this is a single individual as both the actor and the observer, the practitioner and the theoretician, spanning the complementarities. It is consistent with the view that the change manager is actually part of the population of interest and ‘what works’ for them may work for others, providing some possible answers to the research question.

Allison and Pomeroy (2000), refer to Descartes in support of an experiential approach to research and teaching suggesting that the experience and interpretation of the individual is central to learning. They suggest that the educator’s role is that of facilitating learners’ access to the appropriate conditions to support interpretations of these experiences based on narratives. If this thesis is to make a contribution to other practitioners it will be by the telling of a good story in the form of a ‘deep case study’ (Dyer & Wilkins, 1991). In this approach the trade-off of using only a single subject experiential approach is the depth of the context, providing a more complete, accessible, coherent, credible and memorable story that will resonate with the reader more effectively.
Blaikie (1993, p210) describes Action Research as an approach where the researcher is a reflective partner – a participant whose task is to

“...facilitate the emancipation of the victims of social, political and economic circumstances, to help people to transform their situation and hence resolve their needs and deprivations.”

His suggestion, consistent with where the journey has taken me, is that we have to dispense with the concept of value-free research and replace it with conscious partiality which recognizes the larger social context and the researcher’s place in it. He goes on to say that the normal course of observation which treats people as objects and is often a ‘view from above’ must be replaced with a ‘view from within’ where the researcher is involved and part of the struggles of the population observed.

4.3.3 The Research Strategy – Action Research

In order to collect useful data for the abductive approach to research on the subject of interest, a modified action research strategy was used.

This brings us to the consideration of an Action Research design. Reason (2006) describes this type of research in terms of 4 characteristics

• Worthwhile practical purposes
• Democracy and participation
• Many ways of knowing, and
• Emergent developmental form

Hussey & Hussey (1997) describe the main aim of action research as a process of inquiry that have a cyclical nature of planning, acting, observing and reflecting.

A modified version of Reason’s (1999 b) guide to co-operative inquiry is used. This is described as a radically participative form of inquiry in which all those involved are both co-researchers and co-subjects. The modification is the reduction of co-researchers and co-subjects to an n=1. The purposes described
by Reason (1999 b, p207) of helping ordinary people to create their own knowledge in the service of their practical purposes and to contribute to a revision of the Western mindset away from the positivist philosophy still hold true, even if the logic of the ‘label’ does not. In particular the essential practice of self-reflective inquiry is presented in the form of three Case Studies where the Researcher was employed as the leader of change.

Smith (2001) tells us that reflection does not come naturally or easily to the average manager, however he describes it as an essential skill for leaders. The development of this skill was, once again, part of the larger journey. Amongst the reasons for reflection Smith describes it as useful for the exploration of mindsets, challenging norms, and making the tacit explicit. In this thesis the very personal approach of self-reflective inquiry explores what he describes as self-insight, self-development, personal mastery and developing the intuitive element in adaption.

Yin (2003) describes a case study approach as a research strategy and not just a data collection method. He states that case studies are often rejected as valid approaches due to the confusion relating to case studies as used in teaching (which are often manipulated or incomplete to prove a point or channel the student to a certain conclusion). However, it would seem that he is referring to the Harvard Business Review style of case study which is quite quantitatively focused and formulaic with only one right or wrong answer. Jones and McCann (2005) provide an example of a different type of case study for the purposes of teaching. This approach is very qualitative and open-ended, there is no right or wrong answers and the outline is limited to provide a common context for students but the ‘answers’ can only be found via the ‘lived experience’ of role playing. This is a very effective means of teaching and this is the style of case study that was adopted.

As an overall strategy Yin (2003) says that case studies can be used when answering a “How?” or “Why?” research question, and further to this the question should be asked in a context where the researcher may not have control over
behavioural events and where the issues are contemporary (i.e. not historical, that there is still someone alive who can provide insight). These conditions are filled in the current scenario.

He describes a case study as an empirical enquiry that serves to investigate a contemporary phenomenon on the context of a real-life situation and is appropriate where the boundaries between the phenomena and the context are not clear.

As a research strategy a case study approach lends itself to either quantitative or qualitative data collection methods or any combination of both.

There are at least five applications of case studies...

1. To explain presumed causal links that are too complex for surveys or experiments
2. To describe an intervention and the real-life context in which it occurs
3. To illustrate certain topics
4. To explore where there is no clear, single set of outcomes
5. A meta-evaluation – a study of an evaluation study

In this thesis items 1 through 4 are desirable outcomes.

Reason (1999 b) tells us that self-reflective inquiry involves the posing of questions like

- How do I know what I know?
- Who am I engaged in this knowing?
- Do I actually do what I think that I do?

This requires the researcher/participant to consider the realms of tacit knowledge, worldview, and reflective practice – a process already unwittingly commenced in the Ontological journey described so far. Smith (2001) calls this process action learning a natural outcome of action research.
This strategy was to be overlaid by an ethnographic approach. The main method of collecting data is as a participant (or immersed) observer, in this instance it is a lived experience approach providing a narrative on one reality. Data is collected by the participant/observer, or as described here the immersed researcher or practitioner, and is presented in a format consistent with the approach described by Pohland (1972, p12) who states that the descriptive narrative developed has the dual function of:

“(1) to provide an illustrative and/or evidential base; and (2) to infuse a spark of life into the narrative itself and in so doing more closely approximate the reality which it purports to represent”.

These narratives aim to be convincing and as a consequence useful to other practitioners (Golden-Biddle & Locke, 1993). They display the aspects of authenticity (the perspective of someone with firsthand experience as is found in the story of the participant/observer), plausibility (does the story make sense to the reader, can they follow it form the perspective of their own experience), and criticality (does it cause the reader to reconsider their taken for granted ideas and beliefs). Golden-Biddle & Locke suggest that this approach is not just about the development of theories or accounts of events, but that its most useful contribution may be in the fact that it causes the reader to re-examine their own belief system, or ontology.

4.3.4 Narrative as Research Data

The main source of data for this study is self-reflective inquiry in the form of narrative, described by Dodge et al (2005) as not making any claims to document reality in any objective sense, but rather to record the individual’s interpretation of reality and shared social constructions. Through narratives, organisation members make sense of change as they recall stories from the past and juxtaposition them with narratives of the present (Jabri, 2004).
Dodge et al (2005) state that although the interpretive approach is less predictive, it can provide significant insights into how we can build, test and elaborate on models of social phenomenon. It helps us to gain insight into the mechanisms underlying apparent causal relationships by exploring the hows and whys behind the what.

In describing the use of narrative inquiry Dodge et al (2005, p289) suggest

“what sets narrative inquiry apart is its grounding in narrative and stories that have a beginning a middle and an end (or some sense of temporal progress), that help to organize events into coherent plots with some kind of resolution. Stories have an inherent integrity or coherence: they can be isolated as discrete units that address some kind of individual or social action and they reflect the context in which the action took place, including time and place”

Allee (1997) also describes how we use stories to share meaning and indoctrinate people into our organisational culture, and how these organisational stories are composed in a manner consistent with other stories narrated in a more social context. The table below illustrates this and outlines the structure of the case studies used in the thesis.

Allee (1997) suggests that each story should have a setting to get it started this is the background scenery, it needs characters to act out the parts, it needs context or a framework including some reference to how we got to here. The richness is then built with a description of the motivations of the actors, the challenges they face, how events pan out, the unexpected events that might occur and how they respond to them to reach a final outcome. Allee also adds an important last step which is a consideration of what the story teaches us, this is most useful if collective, as in a discussion on the plot and the meaning after seeing a play with friends or having completed a reading of the same novel (or Business Report).

Another supporter of story telling as a management tool (Neuhauser, 1993) describes how to use these components to tell a story in a skilful manner to maximise learning in an organisational context. She states that a good story (in the context of business) needs a plot, characters, action, timing and fluency.
These characteristics are incorporated into the case study stories used. To be consistent with an action research strategy it was also important to ensure that these case studies illustrated that the researcher was not just an investigator but a collaborator and a facilitator (Sarantakos 1998)

4.4 Conclusion

After the completion of a considerable intellectual journey from one ontological extreme to another, two conclusions emerged. First was to do with the methodology for further research. Second was the first learnings to emerge for the change practitioner. In terms of the first, the methodology chosen emerged as one that would allow exploration of the richness embedded in the human beings and social networks of an organisation undergoing change.

A pragmatic approach to finding the answers to the research question posed was taken. Using an ontology and epistemology consistent with the view of the Interpretivist, defining the approach as that of Dynamic Abductive Pragmatism, using a strategy of action research, lived experience, case studies collated into narratives was seen to be a suitable approach. The limitations of interpretation of results becoming secondary constructs were overcome by the immersed researcher also taking the role of story teller, and the stories being told in the first person (consistent with Neuhauser’s (1993), advice).

The aim was to determine 'what works' with a clear understanding that any answers will be illustrative and indicative rather than definitive – but in a complex and challenging world this is still of great utility to the practitioner.

In Reason’s (2006, p199) words…

“…action research in its fullest articulation is not solely or even primarily an academic pursuit but is a way of living. For in the end, I would argue that there is no difference between good action research and living a good life, individually and communally.”
The second was that the change practitioners needs to:

   a) be prepared to explore the world outside their known ontology  
   b) recognise the existence of multiple paradigms and the characteristic of co-existence on a continuum (‘and’ rather than ‘or’)  
   c) consider the contribution that reflection can make to sense-making processes  
   d) Embrace the ‘emancipation’ (Blaikie, 1993) that comes from ontological expansion

Extending on these thoughts and reflecting in the journey taken, leading change in an action research/reflective mode will enhance the journey for the researcher and participants alike. A positive outcome at an organisational level depends on the flexibility of the people, and ultimately the reigning
5.1 Introduction

To be self-reflective is to question one’s place in the world, one’s methods, one’s experience and according to Reason (1999) (b) the very ground on which one is standing. To get to that stage requires firstly an understanding that the questions are worth asking, secondly that the answers may be worth consideration, thirdly that learning is possible and lastly that the process will have a worthwhile outcome. This introduces a further continuum that illustrates the journey from merely collecting data in real time observations to reviewing meaning through reflective practice.

*Figure 5.1 – Continuum 5 – Discovering Reflection*

For this researcher there was a progressive awakening on all these fronts due to the cyclical nature of an action research approach (Hussey & Hussey 1997). Each cycle produced further questions, deeper reflection and a further cycle of transformation on a personal and professional level.
Reflective practice can be painful as it can uncover what we seek to ignore. It doesn't come naturally to most managers and business practitioners (Smith, 2001) taught to express themselves in non-emotive terms through statements like “it’s about the position, not the person” especially in situations such as when a down-sizing exercise is planned. The style of reflection in this thesis may appear somewhat stilted to those who are expert at reflective practice, this is merely an illustration of the initial difficulties experienced by the researcher in moving from the standard non-emotive management position to that of the immersed practitioner.

If we accept that others can’t learn how to be managers on our behalf – and that we can only truly learn how to be great managers and leaders by actually managing and leading, testing out techniques, learning from our mistakes, and doing more of what works in the Plan-Do-Observe-Reflect cycle of action learning, then self-reflective techniques become invaluable.

An important note here is that in this story the researcher and the practitioner are two parts, or perspectives, of a single individual, but at the commencement of this
study these parts were not in sync. While the researcher had advanced in terms of adopting an acceptance of the existence of a number of ontologies and determining from this what information should be collected to illuminate and inform this perspective (the case studies/narratives), the practitioner had no practical experience in this expanded worldview. The ontological expansion of the practitioner is therefore a feature of this chapter as it is important to understand the evolution, (supported by theoretical knowledge) as the ‘filter’ changes over the course of the three narratives. This is consistent with what Reason (2006) describes as one of the key characteristics in action research of ‘knowledge in practice’ where useful practical knowledge is developed for the researcher and practitioner as part of the process. This resonates with Pfeffer & Sutton’s (1999) view on knowing by doing.

Three Cases are presented, as outlined in Figure 5.3 – each quite different to the previous context in which the researcher was simultaneously employed to lead change whilst continuing a learning journey in theory, practice and methodology as an evolutionary process. The cases are presented in a narrative style, telling the story of the researcher as the change practitioner experiencing change in-situ and reflecting on the learnings in retrospect, as a researcher.

**Figure 5.3 – An overview of Case Studies**

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Drivers of Change</th>
<th>Type of Leader of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>External environment – opportunities in emerging technology</td>
<td>Autonomous, participant, internal team, well-funded, strategy development linking directly to implementation</td>
</tr>
<tr>
<td>2</td>
<td>External environment - re-alignment with Market and Internal environment -parent company needs (top-down approach)</td>
<td>Proxy for management and shareholders, immersed, internal team in combination with external consultants, design phase</td>
</tr>
<tr>
<td>3</td>
<td>Internal driver – realigning resources in response to imposed efficiencies due to limitations in funding and increasing stakeholder expectations</td>
<td>Well supported (intellectually), poorly funded and resourced, immersed in implementation phase</td>
</tr>
</tbody>
</table>
5.2 Presenting the Story of the Immersed Researcher

From a young age we use stories to define our place in the world, to describe our family history, our value system, our social standing and who we are. The language we use and the accent we display also add authenticity to the telling. The following is the context of me – the researcher.

An Irish migrant, in 1972 I completed my primary school education in Belfast during ‘The Troubles’ and started high school here in Australia. I exhibited a talent for maths and science which lead in a natural sort of way to university and a first degree in the physical sciences – I enjoyed the intellectual challenge up to Honours year and then understood that I would not enjoy the commitment to laboratory work as I was seeking more than the comfort of the routine and detail of scientific research.

I secured my first full time job in sales of scientific equipment – perhaps as a rebellion against cloistered laboratory style environment, because the money and rewards for effort were attractive and I found that I could become an expert story teller quite quickly. The understanding of the power of good narrative learned in primary school in Ireland was an advantage I had over many Australian graduates who had spent their formative years on more outdoor pursuits. I could pick up new products and new applications quickly and was well suited to teaching/selling concepts on a technical level. I had a knack for translating the technical language into real tangible and relevant benefits to the user. That eventually also became too routine and I sought a role where I could be more involved in the actual product development and problem solving part of a sales-focused organisation and took on roles in technical support and product management. All these sales were based on evidence, scientific research, easily demonstrable results, and tangible outcomes. This environment lives and breathes very hard core scientific methodology, so my ‘hard’ sciences background had placed me in the correct frameset.
If I were to describe my naïve practitioner view of the world at that time, the filters through which I viewed things as a Frameset in line with Bolman and Deal’s (1997) useful illustration it would look something like the following:

**Figure 5.4 - Worldview/Ontology Early Position**

<table>
<thead>
<tr>
<th>PROCESS</th>
<th>SCIENTIFIC FRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Planning</td>
<td>Excellent opportunity for environmental scanning – reviewing new evidence assessing validity of claims based on context/conditions, assessing gaps and developing plans to exploit those gaps (products, applications of knowledge, new markets etc)</td>
</tr>
<tr>
<td>Decision-Making</td>
<td>Based on logic associated with evidence presented – very rational and high degrees of certainty, with options often numerically rated</td>
</tr>
<tr>
<td>Reorganising</td>
<td>Rational re-alignment of resources, roles, responsibility according to logical fit with environment or product needs</td>
</tr>
<tr>
<td>Evaluating</td>
<td>Very clear objectives set before commencement with ongoing valid measures in place to monitor progress – transparent and competitive process with no surprises – results feedback into decision-making</td>
</tr>
<tr>
<td>Approaching Conflict</td>
<td>Conflict takes form of intellectual debate – and logic or evidence prevails, resolved with deferral to a higher authority or better informed expert – emotional content limited</td>
</tr>
<tr>
<td>Goal Setting</td>
<td>Incremental and based on new evidence which in turn feeds development of new products – market or evidence-driven (not internally driven)</td>
</tr>
<tr>
<td>Communication</td>
<td>High quality, validated, transmission of facts with all appropriate credits assigned to add validity, all vetted for accuracy</td>
</tr>
<tr>
<td>Meetings</td>
<td>Formal occasions, facts exchanged, decisions recorded and resources allocated, carefully documented and tracked</td>
</tr>
<tr>
<td>Motivation</td>
<td>Economic incentives and visible achievement against targets (success in competition), or enhancement of professional profile</td>
</tr>
</tbody>
</table>

This illustration is very similar to Bolman and Deal’s Structural Frame (1997, pg 39) which they say reflects a belief in rationality and a faith that the right formal arrangement minimize problems and increase quality and performance.

For those who share this frameset this represents a safe world where logic and data prevails, where rational decisions are made according to what the evidence
suggests and conflict (other than intellectual debate) is rare. In retrospect this was a relatively simple environment to manage, where there was clarity around goals, rewards and motivators.

As I, the practitioner, progressed through the ranks in various roles over my career I became more interested in developing my own concepts as I gained confidence in my own technical ability. I found market development roles (still technical and science-based) of interest but wanted to formalise my qualifications in this arena and so embarked on a Masters program. After reviewing the options available I decided to do a Masters in Marketing – but one which was more focused on the science of marketing (statistics-based modeling work) than on the art of marketing. I considered and rejected an MBA as it seemed too administratively focused, to inflexible (in content and worldview) and not broad enough for me. I wanted a course that equipped me for independent decision-making in variable conditions and not one which simply outlined the rules of the game for reducing variables in business. I did not realise that my own frameset was expanding and I was looking beyond the scientific frame.

During the course of this study I took an opportunity to leave a full time Marketing management role in the dairy industry (still technically focused in the field of health & nutrition). This allowed me to increase my study to a full time load in the evenings and conduct a consulting business in business hours. This gave me a perspective of the student/practitioner that accelerated the opportunity to translate theories into practice, one of the advantages of part-time study.

I found that my frameset was broadening in the following manner:

- In the process of strategic planning I was expanding my thinking beyond the evidence on-hand and considering ‘what if’ scenarios where there was further evidence but it was not available to me to drive broader discussion.
• In decision-making I was still driven by logic, but now considered a contingency plan just in case the logic was flawed or incomplete, now beginning to realise the world was more complex than I first imagined

• I was taking a more creative approach to reorganising in an effort to create new value and not stick with predictable paths

• In evaluation I was now seeking input from other disciplines to see if there could be new insights into process improvement, seeking to use other people’s insight

• I was now actually inviting creative conflict to progress intellectual debate and learning to ‘agree to disagree’ if there were no clear answers, and pose questions for investigation in the future

• Goal setting now included complementary and qualitative goals

• In communications I could now see the merit in the use of emotional language to gain commitment through passion, and start to tap the human value in business

• Meetings now also became a nexus of knowledge exchange that did not have to always have formal outcomes and could be convened to simply discuss new information without definitive conclusions or outcomes

• Motivation was still driven by economic means but also by the opportunity to learn and grow
I was not rejecting my initial frameset, but expanding it by adding new learnings and perspectives. This was my view of the world as I enter Case Study 1 as the central actor/practitioner/researcher. My interpretation of events is coloured by these ‘glasses’.

The cases presented here are structured to reflect an adaption of Allee’s (1997, p149) suggested stages of narrative format, as well as being consistent with the action research cycle.

5.3 CASE 1 – The “dot com” business – Global Technology Change

Introduction

This case is set in the late 1990s at the time of the ‘dot com’ boom when all that was needed was a concept that could be delivered on-line to attract large sums of money from investors who saw it as the next big thing.

After completion of my Masters I re-entered the full-time workforce as a General Manager of a small incubated project within a large Public Company. This was one of many projects that had been seen to have merit and so was being considered for expansion.

ACTION RESEARCH – PLANNING PHASE

Here the information gathering phase is outlined, building the background, context and challenges that will be addressed in the Acting Phase.

Context of Setting and Case Study

This experimental business was owned by a large and successful Public Company with substantial investments in print media, and was initially part of a
group of special projects in a “New Media” Division. There was a belief at Board level that as one of Australia’s largest printer and publishers, there had to be an investment or at least an investigation of the impact of new digital media technologies on the business of the future. Print equipment was commissioned with a plan for a 20 – 30 year life span so it was necessary to consider what the next 5, 10, or 20 years were going to mean in terms of technology change and impact on the volume and commercial viability of paper-based publications. The ‘digital revolution’ appeared to be picking up speed and tens of millions of dollars of investment in print equipment had been delayed as shareholders were becoming increasingly nervous about the demise of paper-based publications and the belief that everything would move to internet-based distribution models.

This Public Company was very much a numbers-driven production facility with many sites and many brands across Australia and New Zealand. The CFO had a large team of finance people in Head Office (HO) and each Division or brand also had their own finance team – ensuring a continuous focus on where the profit was being made and how. Every business was required to report weekly and monthly to the HO their top line financial and market share results. Capital expenditure requests were long and drawn out processes requiring robust business cases including Return On Investment (ROI) projections and pay-back scenarios, rewards systems were based around profitability of business units, Divisions and the company as a whole – these rewards were extremely generous. This was a company that took the objective of ‘increasing the wealth of shareholders’ very seriously, and many of the senior and middle management team were shareholders (part of the incentive program was an Options scheme). This was seen to be a successful way of motivating and retaining key members of the senior management team.

Culturally this business was male-dominated due to its history, it had emerged as an offshoot of one of Australia’s largest media empires and it had vestiges of the old newspaper culture (as many of the senior management team and board members had come from or had strong associations with that era). It was a tough, short-term focused (today’s headlines), hardworking (24 hour shifts), ink-
under-the-fingernails (print shop), male dominated (due to the fact that few women take up print apprenticeships and it still worked on the Chapel model 4). The sorts of attributes that were valued in staff were their ability to think on their feet (again, headlines focus) and make quick decisions about production issues, market-place changes, technical understanding of the print process/industry, and there was little respect for those who were outsiders or who had not worked their way up through the ranks. The industry had a tough and ruthless reputation, and the ability to act in this way when necessary. This was a dog-eat-dog culture where the internal competition for resources was as fierce and as dirty, as the external war for market-share and sales. Problems had to be solved quickly, unsavoury language and raised voices were not uncommon even at the highest levels of management.

Not only was the environment dominated by men, but it was very chauvinistic, with a great deal of swearing, inappropriate behaviour, lack of consideration for women in the workplace (many instances existed where there were no womens’ toilets in the workplace) and dirty (the shop floor was historically ink covered and dusty and remained so). There were very few women in the ranks of middle or upper management or even at Board level, but the company did not see that as a problem, just the nature of their business.

The new media division was quite different, at least they had recognised that to prepare for the future they would need new eyes and ears and skills to capture the opportunities. The culture was focused to the new century (this was just pre-millennium) and so was significantly different to the rest of the business. This culture set up a challenge for the management team who had to manage upwards in the production-driven print environment and downwards in the more creative and free-flowing world of new media during the dot com boom.

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4 “Every printing office is called a Chapel. A Chapel in the technical sense of the word, is when the workmen agree to certain rules for the good order of the printing office….one of the number is elected as “the Father” who enforces the rules, oversees disputes and grievance and there is no appeal from their decision”. – excerpt from – Savage, William (1841),
Challenges at Hand

I (the change manager), was employed to guide one of the new media businesses through a program of growth. This was designed to explore the opportunities that emerging media may open for a print company to replace revenue that (due to the influence of the internet) may disappear or to bring in new sources of income that might emerge from this new world, and to test the potential profitability of each possible model. Ultimately, this would assist the parent company in planning (financially) for the future of its core business. That is, it was an exercise in long term risk assessment at the same time as exploitation of a current marketplace “fad”.

While this strategy had the support of the Board (as they had to consider a longer time frame in the planning of large equipment capital expenditure) it did not have the support of the existing senior management team and divisional heads in other business units as they saw it as a threat to their future in the short-term and a diversion of funds that they would like to use in their own business units. It also had the support of the CFO (the person to whom I was directly responsible) as, although there were no specific plans regarding profitability in the early days (it was an experiment which was being funded in an incubator style agreement) the losses it made were useful in the consolidated financials of the company as they offset some profits and lead to a tax benefit. A quirk of financial management which is often exploited in large, diverse, multi-nationals. This nuance is only obvious from a big picture perspective and not seen at a divisional level in the company or by those who were focused in their own business domains. For me this was the first time the financials of a large company had been explained to me in a practical manner and it was enlightening as my first insight into the economic rationalist world of big business finances.

The initial objective was to explore the opportunities and to assist in the building of business models for future planning however the dot com boom arrived and we were swept along with the excitement and the pace was picked up quickly.
In mid-1998 investment in *dot com* businesses internationally was increasing and it became obvious that there was an opportunity in the local market place to challenge the print-based advertising model of the newspapers, to exploit this opportunity a business would have to move fast and invest quickly. The concept and costs of such growth were explored by my fledgling management team and a proposition was put to the Board to invest in excess of $6 million for an immediate expansion from a dozen or so employees in Melbourne and Sydney, operating under a collective banner with other incubated programs to a stand-alone *dot com* with national coverage, 100+ employees and the hardware to handle serious online traffic. This would put us in direct competition not just with individual newspaper publishers but with the entire business model of classified advertising in print.

The business case presented to the Board in June of 1999 was accepted enthusiastically. The Board’s response was that they felt that the sum asked for was too conservative and offered a bigger budget for faster growth. This immediately established a level of conflict with other business units who saw this investment as substantial for a business which would not be contributing a profit until after the growth benefits had been realised. It was also understood by the Board at the time that it was good for public relations (PR) and enhanced shareholder value to be in a *dot com* business, the marketplace was excited about any concept on the new worldwide web at that point in time.

The business objective turned quickly to the only thing that mattered in the *dot com* boom, growth, regardless of costs. However, the parent company business culture would not allow for random spending and the strategy of growth had to be balanced successfully with business cases, ROI and pay-back scenarios. This we successfully did, but didn’t understand at the time how unique it was in this emerging sector, and what a rare skill it was within the business, to be able to balance competing objectives and find the right focus for successfully navigating the marketplace whilst remaining anchored to the business discipline and objectives.
This became a major change program on two levels; it was a change for the dot com business, taking it out of the small unfocused new media collective and establishing it as its own legal entity with its own infrastructure and growing it substantially and quickly; and it was a change for the parent company, allowing it to take an incubated new business through to a real sellable commodity without the expectations of profit in the short term.

However, the challenge to the parent company sat firmly with the economic paradigm, and so this honeymoon period was likely to be short, with the business model having to show profit potential or real profit fairly quickly.

**Characters and Motivations**

My role in this change process was one of complete autonomy and full trust from the CFO, at the time I underestimated the value of that trust, but knew enough to work hard to maintain it. Later I would reflect on why he trusted me and the importance of that relationship in the whole process of change and how it impacted on me.

Officially I had a title of General Manager but was actually performing the role of a CEO. Part of the conflict with other Divisions was about use of titles like Directors and CEOs and so it was determined that I should stay under the radar and not push for a ‘grander’ title as I was already a thorn in the side of many powerful influencers on the senior executive ranks. Providing we stayed within our budgeted guidelines and reported regularly our success and challenges I was only required to meet with the CFO once a month, to prepare a set of notes for the Board meeting once a month and to attend ad-hoc meetings relating to other incubator projects, (possible acquisition or partnerships that might be of relevance to the dot com strategy as the corporate finance team were always reviewing merger & acquisition possibilities). Other than that, I was left to develop my own management team, our own strategies and business plans and expand the business quickly.
At the peak of the *dot com* boom, businesses were starting to understand the concept of running 24 hours a day, 7 days a week (24/7) business and the removal of borders and time zones that made the world a global village. This was a culture shock for many, even those who had traditionally run several shifts in production environments. *Dot coms* had to have all services available all the time and not stripped down options after 5.00p.m. and before 9.00a.m. This meant hard work and longer hours than in many other traditional businesses with highly skilled people in the office or on-call. In order to grow the business with a culture that was more attuned to this new world than the old world, care had to be taken in how we recruited, what skill set we recruited, the rewards offered (which included the tools provided, the social interaction encouraged, the attractiveness of the workplace, and flexibility in working hours to compensate for 24/7 commitment). All of these were tolerated as a means to an end by the parent company – the end in their eyes was profit and PR benefits.

**ACTION RESEARCH – ACTING PHASE**

This section outlines the action of the change leader, the immersed practitioner in the case presented – based on the information gathered in the planning phase prior.

**Story of Change**

This Australian *dot com* business was a story of good luck in terms of time and place, it was a business that had potential in any media, that is it could just have easily been a model for print or TV or on CD as well as a model for the internet. It was a chance to explore just how translatable content was from print to digital media and there was no argument in the ranks of the parent company’s Board that this was a necessary experiment. Nobody could predict what digital media would finally look like or how it would supplant print media or in what time frame we would start to see the impact, but they knew they had to be prepared with a strategy in case it all happened sooner than expected.
The model was a simple one of real estate advertising, and the first of its kind in Australia, but with the additional benefits of 3D virtual tours, little or no space restrictions for photographs, floor plans, maps etc, and good branding options for real estate agents. Newspapers charged by the column cm (space) and Fairfax, News Corporation and a small number of other publishers "owned" the market in the largest and highest value territories of metropolitan Melbourne and Sydney. Real Estate Agents were not quick to embrace an alternative low cost option as they were conservative, not often technology literate, and they did not pay for it themselves (they recoup these costs from the seller or landlord). Cost was not a motivator for them, circulation was and they did not yet believe their target audience was online (they were increasingly wrong on that last score).

The growth strategy was an ambitious one, as, in order to build the business and the subscription base, (Agents paid a subscription fee and could then manage their own content) there had to be a fast uptake of technology in the Real Estate Agents’ market. The strategy employed was to supply them with hardware (PCs, digital cameras etc), internet access and training to overcome one of the significant barriers to uptake. This is a classical application of Porter's Five Forces analysis and consistent with the worldview of the economic rationalist. (Porter, 1980), we were directly addressing a barrier to uptake to allow market expansion to follow.

The initial agreement for funding by the parent company Board was for an investment of up to $10 million in the first financial year to recruit staff to cover the vast majority of the country (the aim was to have a sales or customer service person within 2 – 3 hours drive of almost every Real Estate office in the country). The money was to also fund the purchase of desktop computers for installation in any Real Estate office which did not have the appropriate hardware to encourage them to maximise the use of the web site, increasing content which in turn enhanced the traffic (or circulation in newspaper terms) and improved the attractiveness of the option. Data entry staff were employed to scan images and
type descriptions as a service to the Agents (for a fee), this was often offered as an incentive to get started.

The revolutionary part of the model was the fact that the costs were relatively fixed in terms of the media, there were no costs of paper or ink in the distribution of the information and there was virtually no limit to the number of people who could receive the information. So it was much less costly than launching a new newspaper or magazine. The advantage of real-time updates was another issue that made it superior to print, in that a property could be advertised immediately and remain advertised for as long as the Agent determined rather than having to wait for a single edition of the paper, and then pay for further exposure in subsequent editions.

The technology also made it easy for the possible purchaser to quickly apply filters to find only properties in locations that suited them, at the right price, with the right features. They could view plans and take virtual tours and so eliminate unsuitable options quickly. This removed significant power from the Real Estate Agents who were in the habit of also showing unsuitable properties either due to lack of attention to the purchaser’s needs, or on the off chance they might show some interest.

**Unforeseen Events**

Getting technology partners on board and selling the concept was not as big a challenge as had been assumed. Getting the right people on board and managing those people in the large geographic territory were the real challenges. The characteristics we (the management team – which included the Marketing Manager, National Sales Manager, IT Manager and Finance Manager) felt were the right ones to use in screening applicants were:

1. A level of comfort with technology and especially with the internet and e-mail applications (not necessarily that common in 1998-99)
2. An ability to sell a concept to some of the most experienced sales people in the country (good existing selling skills or a willingness to learn them)
3. An ability to manage a territory autonomously and/or as part of a small team
4. An ability and desire to work within the framework of a larger team (at state and national level) when required
5. The right cultural fit for a young company in new territory – who were breaking new ground in Australia, and who were embracing the concept of 24/7 in a creative manner

The change project was named Project Aquarius as the symbol for Aquarius resembled the www of the world-wide-web and astrologers were predicting that the Age of Aquarius would be the age of change due to technology. It was an appropriate ‘handle’ for the necessary symbolism required to pull everything together. Bolman & Deal (1997, p216) talk of the symbolic frame as a means of interpreting and illuminating meaning in a way that is quite different to the normal rationality of the business world. Use of this symbolism had a powerful effect of providing focus to what was quite an organic process. Identifying the project as if it were a separate entity allowed to run along-side ‘business as usual’ with minimal disruption and downtime. It also made it more mysterious and fun for the participants, with the theatre making a great impression.

The first item on the previous list was screened in the initial application by asking people to initially respond to the ads by e-mail. Those who did this successfully (with appropriate use of file-types and attachments and good presentation) were immediate front runners. However, good applicants who did not have access to a computer were not excluded (these were the days before the establishment of the employment web sites), so we advertised on our own web site and in newspapers from coast to coast regionally and in major cities.

We received somewhere close to 3,000 applications (an indication of the increasing interest in dot com businesses at that time) and determined that some 6 – 700 were worth following up. The first round of elimination was done on the
basis of driving licenses as they needed to be able to service large territories face-to-face, comfort with technology, salary expectations and presentation skills via telephone. The next round was a self-elimination option. Each applicant was told that the interview process would be rigorous, that they would be required to do a screening test which would tell us something about their current sales skills and their training needs in that area, a panel interview with two or more interviewees and the requirement to give a five minute presentation to a second panel about a subject for their choice. Only those who were prepared to give the presentation would be suitable for the Real Estate market where they would face a tough audience at times. Many self-selected themselves out of the race at this point, but if they had the guts to try they were in with a chance, as training and experience would assist them in developing the other skills.

The logistics challenges of the interview process were enormous as they had to be scheduled in every capital city and major regional centre. There was a desire to retain consistent formats regardless of location. The two panels and screening test meant that three rooms at least were required, along with administrative support to get fast results from the screening tests to aid in final decisions. This meant a compression of three interviews into one session.

The interview process was structured carefully to allow consistency between interviewers (with components that tested technology awareness, problem solving ability, response to conflict and challenges and cultural fit). Applicants’ presentations were scored on the basis of their level of comfort with this requirement, the logic of the material, the style with which it was conducted and their ability to stay focused and meet the time requirements.

The key criterion was their demonstrated ability to problem solve, essential in order to manage autonomous territories, and the cultural fit. Around 70 people were employed, all at the same time with a common start date. An induction weekend was planned where all would come to the Head Office in Melbourne to meet existing staff, receive product training and start working out strategies for
their local territories. As there were a lot of young people in the pool it was
decided that a location which was isolated and where we could have the whole
venue was preferred. The site chosen was a beachside resort. As it was winter
everyone was issued with shirts and jackets (as many were from warmer
climates and would not have been prepared for Melbourne’s winter) all branded
as Project Aquarius thus continuing the symbolism and ‘branding’ the new team
effectively. Those who were employed as sales people were presented with new
laptop computers, and everyone received a new mobile phone. The customer
service people would later receive delivery of a desktop computer to their office
or home address.

Everyone except the management team were accommodated in shared rooms or
townhouses with a purposeful mix of old and new staff and position descriptions
so that there could be as much cross-functional and cross-territories mixing as
possible. The quiet and isolated location assisted in keeping everyone together
(no wandering off to nightclubs or to visit elsewhere). This was a 24/7 business
and this was their first introduction to what that meant increasing the intensity of
interactions by requiring them to commit 24/7 to this first team-building
experience – where once the official part of the meeting had finished the social
part commenced, and that social networking was seen to be just as important as
the product/service familiarisation and so had the same amount of energy applied
to it.

This strategy was a great success and was followed up annually with a winter
meeting of all staff in a location which was isolated and which we were able to
completely occupy – each year had a theme and included social activities as well
as training, workshops, territory presentations, budget work and other activities
as required.

There was always a danger that the existing staff would have felt somehow
lessened by the addition of an overwhelming majority of new recruits, but as they
were part of that first weekend and were assigned “charges” to help bring new people into the fold they quickly adjusted to the new world order.

**ACTION RESEARCH – OBSERVING PHASE**

**People Impacted**
This was an unusual change assignment as it was full of opportunity, creativity, and excitement and even if the future was uncertain – it was a positive form of uncertainty.

Everyone was impacted by the change in the business which had started at 8 employees in Melbourne and Sydney and had quickly grown to more than 100 employees nationwide. With this growth came a speedy increase in customer base and workload. Those who had worked within an incubated “experiment” were now part of a real business with a strategy, a budget and reporting requirements, and expectations of success. This was a complete change in focus for them. Those who joined the business were given an opportunity at an exciting time to become part of the future – and to help form a new business and a whole new industry. Many joined for remuneration much lower than they had previously earned simply to become part of this new industry – the excitement, the chance to gain experience, the culture and the technology all made up for the deficit.

People within the parent company were impacted as they became involved in projects people were seconded to be part of the panel interviews interstate (assisting in the recruitment process), the physical expansion of the offices required other smaller businesses in the original new media experimental mix to find other premises, the fast increase required in expertise in online applications
(hardware, software, skill sets etc), or the fact that we had been given carte blanche to spend $10 million whilst other business struggled for funding. They could no longer ignore the experimental business as it was suddenly thrust into the limelight and quickly adopted as one of the Chairman’s favourite projects. It was seen to be a positive investment in the future this meant that those other businesses which were struggling with profitability were jealous of a business that had an objective of growth first and profit later – the common rule for dot com businesses at that time. It also meant that those who worked in the print industry had now to consider what the future would look like, and what it would mean to them and their colleagues if print was overtaken by online applications, as everyone was predicting at the time.

Shareholders of the parent company were impacted as they now had an investment in a new business, and they had to consider what the implications of the investment meant in terms of profit and dividends and if these costs were outweighed by the potential benefits in the future. Any association with a dot com investment at the time had a positive impact on the share price.

Customers, competitors and other dot com businesses were affected by the very real dollars that were being pumped into the business to improve the uptake of technology in order to prove the merits of the model. It was a superior model to many as it was based on a print model (which had been successful since newspapers began in Australia) but extended on these principles. The Newspapers were quick to respond with their own online “supplements” to their print offerings, but these were still on legacy technology systems and were hampered by the fact that they were built for the print environment and not the open source web environment. They lacked creativity and understanding of real-time content, did not see how the content used in print could be a subset of the content online, accordingly it took them some time to catch up.

**ACTION RESEARCH – REFLECTION PHASE**
External Influences

Change in this instance was being driven by mostly external influences. Broad technology changes in digital media were emerging as possible threats to traditional print and other media businesses. For the parent company to not respond or explore the risks would have been irresponsible in the eyes of the shareholders.

Changes included:

1. The rise of the dot com model across all walks of life and all industries (with its associated hysteria)

2. The improvements in applications such as Internet Explorer (in the early days this was not the dominant browser and so web sites had to be built to be visible in many browsers - in fact Netscape was dominant at that time)

3. The increase in PC ownership across small businesses (driven in Australia by the imminent introduction of the GST in July 2000, which had lead to the belief that manual records would no longer be sufficient for tax reporting)

4. Increasing user-base of the internet (in the early days e-mail was the dominant application but other uses were growing)

5. Introduction and early adoption of digital cameras where resolution was sufficient for online applications (even if not a real competitor to traditional photography for other uses)

6. Increased access to expanding bandwidth with improvements in fibre optic technology

With the parent company as the ‘bank’ for this dot com business, there were few concerns about making ends meet. Providing targets were met and performance to budget and other criteria was met there was money available to pay wages, purchase equipment, promote the web site and continue to upgrade hardware and bandwidth as the site grew in popularity – in the early days of web site monitoring it was often in the Top 5 – 10 of web sites visited in Australia. The shareholders remained favourable about the investment as they could see the
results, in terms of both growth and visibility, even if it was harder work than at first anticipated.

At one stage a series of TV ads were produced as part of a the strategy to promote the brand, in such a way as to drive acceptance and expectations of the house selling/buying public as well as enhance shareholders commitment to the investment, and lastly to spark the interest of the real estate industry.

Driving the need in the house selling/buying public was seen as the fastest option to growth. The low level of technology used and technophobia of many of the principals and senior staff in the real estate industry was a significant barrier to success. They did not embrace the concept as quickly as hoped as they did not clearly understand the potential (in fact many were hoping that if they ignored the internet it would go away and they would not have to learn how to use a computer). The consumers (buyers and sellers) due to the cheapness, immediacy and longevity of the ads by comparison to the print options became the ones who pushed the real estate agents into considering the option. Another marketing strategy we employed was the production of a magazine (as a print publication) which introduced testimonials and simple language explanations of the technology offering as well as snapshots of overseas trends, it was launched to target the less technology-savvy of the industry. This was an early indication of how print and on-line materials could be used to complement each other.

Outcomes

The final outcome was billed as a success, the business was eventually sold for a profit to another player after many competitive bids over the last 12 months of ownership (the purchaser was not a competitor but someone who saw the business as complementary to their own). It had reached a stage of modest profitability with sufficient subscribers to ensure a good base income plus additional service offerings to allow for steady building of that base over time. However, it should be noted that some time later (about 2 years on) the business was once again sold for three times this original sale price, this time to a direct
competitor owned by a newspaper group. In the intervening period the buyer had invested very little in the site, the business model, brand or product development. This suggests that the parent company was perhaps unaware of the real value of the business, or that it sold it too early for the marketplace to understand the real value.

Some key things that were not openly discussed at the time:

1. The marketplace had become considerably more competitive with every large real estate franchise group or other real estate brand (including the state-based real estate industry groups) starting their own websites and selling their services. With the simple technology model this dot com start-up couldn’t maintain a competitive edge in the longer term – other investments (the ROI was not guaranteed), or a move into other market (e.g. cars or employment or similar models which worked in print) were being considered

2. The uptake of technology by the industry had been a long hard battle, slower than at first predicted requiring continuous work and support/training

3. The maintenance and growth of requirements in technology (hardware, software, expertise to run the core site etc) was more expensive than at first anticipated and needed faster so capital expenditure was over budget

4. Other parts of the parent company had caught up in terms of internet-based technologies and were now trying to establish policies and frameworks to be applied enterprise-wide which were not in-line with the culture and needs of a start-up – a certain amount of friction was developing (normal and expected when the innovative and creative become mainstream and controls become necessary)

5. The rest of the world was catching up and internet-based advertising was now expected making the original business-model less unique - requiring more innovations to keep ahead of competitors
The overarching objective of this *dot com* business as part of a large public company was to increase the wealth of shareholders and that is what was eventually achieved in the sale of the business. It was sold for a value that represented more than it’s ‘book value’, i.e. what it still owed the parent company for the funds invested so far. The secondary objective which was the exploration of the model or extending from print to digital media and exploring the impact that would have on the core business had also been achieved. The internet was now seen as a complementary medium and not a substitute as had first been feared, so there was a level of comfort in re-investing in the core business where declines in volume were not likely to be sudden or soon.

The final decision to sell happened quickly and as the negotiations was complex and confidential and involved only myself and the finance manager, it came as quite a surprise to staff around the country. Initially the buyer suggested that they may be interested in employing some staff but only in specific locations. We worked very hard to assist everyone in preparing themselves for job search, helping them with the writing of cvs, interview techniques, outplacement options, assisting them in assessing various options, supplying references and anything else that was useful.

This was an interesting time which was handled well by most involved as everyone was in the same boat, it was discussed openly and all possible assistance (including time off for interviews) was offered. People, in general handled it with enthusiasm and a positive mindset, but for many of them the next role was just a job and not the exciting cutting-edge experience we had offered

**Reflection on Case Study**

Personally, I felt a sense of pride in what we had built. I felt that in the short time we had achieved a great deal and allowed a team of people to grow and had equipped them well for the next part of their journey. I felt a strong sense of responsibility to the staff and worked hard to ensure that they made appropriate
choices for their next roles. I also ensured that part of the budget in the handover ensured that everyone, regardless of their length of service got some form of financial compensation to alleviate any hardship that may have been caused by a delay in securing another role (this was especially of concern in the regional centres).

I was also sad as I had enjoyed the role immensely – building a new entity from scratch in the dot com world was incredibly hard work (24/7 commitment is very real in that world and I took turns in being on call as did the rest of the management team) but also incredibly rewarding. The results are viewable in real-time, sites are ranked, statistics on visits are easily recorded and accessed, feedback is immediate allowing for the results of strategy implementation to be seen and responded to immediately. This is the perfect setting for honing strategy development skills as it is possible to learn from the immediate feedback available about measurement against objectives and continuous striving to improve these results.

This is an ideal scenario for those who live by the economist’s worldview of tangible outcomes and measurements. Immediate feedback allows for dynamic tweaking and further feedback.

**Learnings and sense-making**

There were many things learned in terms of development and application of new technology, we used to say that we were making it up as we went along since nobody had done this before. Breaking new ground like that requires discipline and courage and the parent company had both of these at the time. The excitement of being at the leading edge made it easy for us to recruit great staff for less than market rates as their reward was the freedom and autonomy they were allowed with new equipment, new software, new techniques, new markets and anything else they needed to achieve the growth targets set.
There was much learned by the sales and customer service teams in how to sell and support new technologies to a technophobic industry.

There was much learned by the parent company on the successful incubation and building to completion of a new business concept – the investment that was required and the skill sets required.

But most of the learning I can comment on was for me, personally as a manager and change practitioner. I learned a great deal about the technology and strategy aspects as well as how to manage and motivate people and I also learned about myself. The following is not an exhaustive list:

1. It is possible to become completely engrossed in a business that operates 24/7, if it is compelling and exciting, but humans are not built for that over a sustained period and fatigue can be the result – this takes its toll in different ways on different people and managers need to be vigilant and watch for the signs
2. Managing people in a creative and high pressure environment such as this requires a different approach to other more traditional businesses, for example hours need to be more flexible, excitement needs to be maintained with innovative approaches, but targets still need to be achieved
3. Bringing people together regularly was a master stroke as it allowed the culture to develop and emerge evenly and simultaneously across the business – giving a human face to all contacts, which balanced the high technology and impersonal nature of the environment, it was almost as if that human contact was needed more because of the coldness of the medium used in these early days before social interaction was common on the internet
4. Recruiting carefully and consistently was a key to stability and retention of staff even if paying below market rates. The expectations were carefully managed with honest dialogue and people were screened for cultural fit as
well as tech-savvy-ness. The panel approach ensured buy-in from existing staff and therefore support on arrival for new staff members.

5. The autonomy was important to me as it allowed for organic growth and development of the business in response to movements in the market place – I enjoyed the sense of control as well as the responsibility.

6. I learned how to be disciplined in the financial management of the business and setting of targets in sales territories and how to support those in the field in ways which were not found in standard HR policies and procedural manuals.

7. I learned that I could lead by example in terms of dedication to the role, visible effort, energy displayed, engagement in this environment and showing real empathy for members of the team.

8. I learned that not everyone worked the way I did or viewed the world the way I did and that I had to learn their language and something of their worldviews to be able to work successfully with them either by reporting to them or motivating them as employees.

9. I learned that there was merit in a predictable model, with solid measurement, but that this was only part of the challenge of running a business.

As a result of the 3 years I spent running what became this *dot com* business my world-view changed. My frameset had developed to one that was broader, more grounded and flexible than when I first arrived. This was a natural maturation process on an accelerated scale.

**Ontological Expansion**

My frameset continued to expand. I now saw strategic planning as encompassing the activity of competitors and finding ways to drive value from clear points of difference whilst they still existed (nature of a ‘high velocity’ market is that these advantages are short-lived). This speedy decision-making also flowed to my expanded view on decision-making, where I now saw the benefit in
devolved decision-making allowing for immediate adjustments at the coal face – but still guided by clear objectives.

I still saw that reorganising was a creative pursuit but one of continuous re-alignment with influences (technology, competitor activity, customer uptake etc) in a way that exposed new value. Evaluation as a process needed to now allow for the shifting sands of the fast-paced environment and it could also require continuous review of objectives.

With rapidly changing environments conflict becomes an important decision-support tool. It needs to be cultivated to allow for speedy input, discussion on interpretation of new data and proposed change in direction. I could now see it as a source of energy that could be harnessed, and the sources could often be surprising, either external to the organisation, or in unexpected places within.

Goal setting in this new frameset needed to be distilled into very short term goals to achieve overarching objectives (which could be changing continuously – except for the core one of future profit). I could now see that as a manager you needed to be able to re-set existing and create new goals quickly in response to new information, and then ensure that everyone was aligned to the new ones, a challenge in performance management.

Communications in the ‘dot com’ world were all about jargon – perhaps in an effort to demonstrate how new and expanded the world was with the internet. But, these had to be created, tapped and jettisoned with speed – we established a 6 months ‘refresh cycle’ where we would evolve our website and brand in a speedy manner, adding significant focus and value to the creative process to continuously renew our image.

Meetings now did not require the physical presence of all participants, and the emergence of e-mail, discussion boards and similar tools meant that they could now be held synchronously (everyone participating at the same time) or
asynchronously (where input happened over a period of time). This was an interesting adaption for humans and the organisation to make as, without body language, there had to be great clarity in the meaning, context and accuracy of written communications. For some this was an under-developed skill set.

Lastly, I found that my view on sources of motivation had expanded as I had people working for me who were not principally motivated by money, for them the value was in working at the leading edge of technology, creativity and innovation.

This was a wonderful experience to be involved with, not just because of the dot com boom but because of the chance it gave me to learn how to be a manager of creative and intelligent people and to test and confirm my own theories about leadership and management.

Leading change in this sort of positive growth environment is a rare opportunity. It was different to many of the stand-alone dot coms of the era in that it had a framework of a highly disciplined and demanding public company’s reporting requirements overlaying operations. This reigned in creativity in management practices (which were undoubtedly the downfall of some of the more creative dot coms) but still allowed for autonomy in market response, product development, and people management. It really did offer the best of both worlds.

When I reflect on the importance we placed on the social networking by having an annual weekend gathering – and especially the initial kick-off of Project Aquarius, I feel that I surprised myself. We had designed the first gathering to ensure that they immediately felt part of a new and exciting team with clothing carrying the symbolism (not just a brand but more specific to this formative stage of team building) and given new technology tools. They had all been expected, welcomed, prepared for and understood their place in the team - they were important. There would have been enormous comfort in that clarity from the first day. Also I had made a point in the interview process to travel so I could meet every successful candidate. They therefore arrived recognising one face, that of the boss. I had put myself in their shoes and imagined what I would want in the
ideal job. Feedback from those involved at the time and later showed that I wasn’t far off the mark.

Later I would receive feedback from staff who would tell me that this first impression was a significant factor in them staying with the company. They had the impression that they were valued and trusted and that the company was willing to invest in the tools required to do the job they had been employed to do. They also felt that we understood the challenges that they had ahead of them and were prepared to help as we were well organised and had thought of everything for that first weekend.

At the conclusion of this story I was enamoured by the quantitative world, the real-time quantification of web site hits, sales, profit had all been so visible and easily tracked. This was the road to enhanced shareholder wealth, and therefore support. I saw the more creative aspects of the journey as simply a means to this end, a way of keeping good and experienced people (and off-setting the costs of getting more and training them), of keeping them engaged long after standard businesses had closed at night, of extracting maximum time, effort and value out of the investment.

I had also started to realise that there was value locked up in the creativity, passion, relationships and trust that people exhibit as individuals and collectives. I had knowingly tapped some of this to the benefit of the organisation. We secured people cheaply because of their passion for the new technology (extracting maximum value for minimal rent), and allowed them creative freedom (worth more than dollars to them). We purposely built a collective organisation-employee relationship by providing them with tools, training, support, and above all a sense of belonging. This also enhanced their relationships with each other allowing them to build strong peer support networks. We utilised human aspects to drive the economic end game results, exploiting the value others perceived to deliver financial results.
Lastly, trust was used extensively to reduce management load. As the senior executive I engaged with the CFO, CEO and Board of the parent company in a manner which earned me trust and autonomy, providing I maintained that through honest and informative reporting. I in turn allowed my management team significant freedom and trusted them to get on with the job at hand, they in turn managed down through the ranks in a similar manner. It is only on reflection many years later that I realised that this was a VRIN attribute (Barney 1991) that went unnoticed.

At this stage I was also the researcher who still wanted to measure change in a quantitative way – I felt comfort in large sample sizes and at this early stage had considered studying barriers to technology change in our target population (Real Estate Agents). But simultaneously I had become the a leader who had started to realise the merits in the qualitative and social issues and the intangible value hidden in the creativity and motivation of the individual. This was an awakening in the duality required to lead change. This broadened my interest in the concept of change and how people are impacted by its necessity in some industries and the way in which it is implemented.

**Personal Reflection**

I had been employed to lead the easiest type of change program, this doesn’t mean that it wasn’t hard work, it just means that it is easier to drive alignment with objectives when they are developed from the beginning collectively and in consultation and reviewed regularly in the same way. It is easier to face the uncertainty of the future when it is likely to be expansion and growth and new opportunities. It is also easier to drive cultural change when the existing culture is not strong or yet embedded in history, so there is no legacy to incorporate.

It was however a bigger change for the collective of organisations making up the parent company, challenging, threatening, costly, and representing an entirely new way of doing business. The challenges here were not in the business I was managing but in the internal stakeholders with whom I had to interface. There
was also a challenge in protecting employees from this conflict so they could remain focused and positive.

This was a lesson in duality – facing staff internally with a positive, creative and motivational face, whilst facing colleagues in the parent company with a robust, hard-nosed, practical demeanour. Being able to operate within standard economic worldview where tangible measurements were all that mattered one minute, then switching to a highly flexible, dynamic, environment where measurement just slowed down progress, was a skill I developed quickly. This duality was to be of great value to me in the future.

I finished this role confident that change could be a positive experience and that the key to this was being focused when it mattered and flexible when it was required.

I had developed an appreciation of hidden value in the emotional commitment that was present in the people employed, but still viewed this with largely a quantitative outcomes focus. At this stage I retained my belief in that which could be measured easily and with a degree of certainty.

In this mindset I moved into Case Study 2.
5.4 CASE 2 – Pre-Press Business, In-house Technology-Driven Change

Introduction

After the sale of the dot com business in Case 1 the management team was retained by the parent company and each was re-deployed to other business units or to the corporate HO to fill existing roles or take on projects.

For me that meant a major project role in reviewing the overlap in the Corporate Services environment. There were some functions in the organisation which were both integrated and centralised – these included Purchasing, Marketing, and HR functions. The joint model was supported in general terms but there was suspicion that there could be significant costs savings if areas of duplication were identified and some clarity established around which parts of functions should be offered from a central pool and which within the individual business units.

I attacked this project with vigour and enthusiasm and applied my new and broader frameset especially my recent experience of presenting one face to the corporate collective and another inside the business. I established that there were internal customers who had views on the centralised services and vice versa and there were many sources of data on how functions were shared and/or distributed (e.g. position descriptions, internal policies and procedural documents, business rules, etc) to be studied.

I designed a face-to-face survey tool to be used to collect and collate views on efficiency and effectiveness of the mixed model and conducted scores of interviews throughout many levels of the business. Interestingly, I found that whilst the data collected as part of the structured interviews was useful and would make for a ‘meaty’ final report, the real information was in the stories people told by way of illustration of a point and their responses to the last question “Do you have any more to add?” This information was real, valid and heavily influenced
the type of report and recommendations finally presented but could not be accommodated in my quantitative approach. This was a project that was more akin to the experience of the consultant brought in from outside to provide an overview and analysis of the scenario. I would not have to live with the any change proposed. I did not have to work with those subjected to the implementation of my recommendations, there would be no human/social impact on me. This was my first realisation as a practitioner of the challenges of the different perspectives and different values of quantitative vs qualitative and of externally positioned vs immersion approaches. However, the significance of this became apparent to me some time later.

**ACTION RESEARCH - PLANNING PHASE**

**Context of Setting and Case Study**

After completing the review of Corporate Services and delivering a plan for substantial savings, I was next assigned to a larger and more difficult project in a business which had been delivering poor results. This business had been purchased by the large public company (same parent company as the dot com business in case 1) some years previously as it was believed there were some synergies with the existing business. It was a pre-press company involved in assembly of components of artwork, photography, proofing, creation of film transparencies and all other work required before submission to the print shop (pre-printing press). As the parent company was one of Australia’s largest printers it had seemed like an obvious fit.

The business had been a successful privately owned family business with a history of strong relationships in the advertising industry. When it was purchased the family members involved moved on to other business interests and an existing senior executive of the business who had worked for them for some years was appointed to manage the business from the same site they had occupied for some time (as the real estate had been part of the acquisition). So for the majority of the employees, including the management team, nothing much
changed. The business took pride in high quality finished product and as such often used or recommended specialised print shops rather than the large, high volume production facilities owned by the parent company. They did not perceive obvious synergies and felt that they serviced the higher-end niche market.

These were the days of the early emergence of high quality digital photography (the possibility of replacing traditional film-based images was becoming real) and associated digital technology driven changes in the pre-press and print industry. There was already a significant decline in the traditional proofing and film production (silver halide chemical technology), and whilst new business opportunities were emerging it had become obvious that the investment in legacy equipment, skills and technology (now out of sync with the investments in the core print group) would very quickly cause a decline in market share and profitability.

To add to this projection the original family owners returned to the same marketplace to become competitors with a much smaller, leaner operation with investment in brand new technology. Free from the legacy systems, large employee overheads, and capital equipment which was fast becoming outdated and with business relationships intact. This was a very real threat to the future of the business and the 300+ employees.

This business had been built around the economics and technology of a previous era. In the meantime the needs of the marketplace, and therefore the sources of value, had changed. Even without the desire for cultural assimilation with the parent company, the future survival was going to require a substantial review of skill sets, processes, systems, technology, and more. Add the ‘merger’ with a larger entity and the complexity of the challenge increases substantially since the process was no longer being driven on purely numbers basis.
Challenges at Hand

The objective was to assess multiple models of future structure and investment required to (a) integrate the work flow from this division into that of the print company with seamless digital technology and file transfer, (b) develop a financial model to bring it back to a position of profitability, (c) determine what part of the workforce could be up-skilled for new business and what part could not, (therefore modeling costs and implications of redundancy), (d) propose a new structure in line with requirements of (a) – (c). This was the fairly predictable quest for a comfortably logical structural solution consistent with the Bolman & Deal frame (1997). There was also a clear acknowledgement of the culture clash between the high-quality artistic environment of this pre-press group with the ‘junk mail’ high volume, lower quality environment of the print shops of the parent company. But there was no formal recognition of this factor as a positive or negative influence on the objectives as the print business saw themselves as the new owners and therefore the acquired business was required to assimilate. In retrospect that was a mission to impose the culture, technology and standards of the larger business on this smaller business. It was as if there was a belief that this overlay could be done easily, logically and without conflict.

This was a large and analytical change project, involving a great deal of data collection, analysis, assembly of models, consulting with existing management and staff and presentations on progress and recommendations back to senior management and Board of the parent company. However, due to immediate competitive pressures it was also a scenario where every immediate down-sizing opportunity had to be grasped, even before the final plan was assembled. This was a colonisation mission, where the larger parent company saw themselves as the conquerors and they set out to convert the huddled masses of savages who were the conquered. Consistent with the previous description of the “Chapel” structure in print companies, they were like religious zealots in their approach.
Characters & Motivation

My role was as a proxy for the executive of the parent company and in turn the Board. I had no previous experience in this particular Division, so had no particular alliances or political positions on the industry or employees. However, I was known to the executive and the Board having previously run the dot com business within the parent company framework and having undertaken a smaller scale re-structure of the Corporate Services environment of the corporate HO. It was presumed that I would be a logical and analytical project leader unaffected by relationships and internal influences, (the reason why the current management team of the organisation in question were not seen to be valid leaders of the project).

I had not been influenced by the culture of either the conquerors or the conquered and would later realise that this was an oversight of the parent company as my ‘faith’ as a missionary was perhaps not as strong as they assumed and they underestimated the importance of this aspect.

The role I had been assigned was termed the Business Transformation Manager as some previous work with a large consulting firm had warned them that two teams were required to achieve the change/assimilation they required in the timeframe they desired. My Business Transformation Team were the ‘ground troops and missionaries’ sent into uncover the ‘rebels’ and convert the ‘masses’ to the culture of the parent company based on what they saw to be the compelling logic of the scene.

We were accompanied by a NZ-based external consulting group as the change managers with no previous knowledge of either business who would serve the purpose of running the command centre documenting progress, managing projects milestones, maintaining focus on structural options and producing sanitised reports for the Board. Make no mistake, this language is no exaggeration and the program was being run like a war. It wasn’t until quite some time later that I understood this, as this approach is consistent with the
types of strategy I had come to accept as standard responses to market place challenges (The Art of War was a standard text in business schools in my experience, McNeilly 1996).

As I mentioned in the introduction to case studies my early years were spent living in Belfast in the peak of The Troubles. My alliances in this lived experience were solidly with the ‘rebel forces’ due to my religion, my family history, the geography of my childhood home, and the collective experience of my social group. It was therefore possibly inevitable that I should find myself questioning this approach to change, and find myself aligned to the views of the rebels and not the occupying forces.

My role and the team I assembled (which included the external consultants) were physically imposed on the business. Although they could not argue with the poor sales and profitability results they themselves reported on, the company were not welcoming of what they perceived to be a top-down process which was likely to result in a significantly reduced workforce and smaller business. Amongst the management team there was also uncertainty relating to the survival of their own roles as a restructure may not require the same positions or the same skill sets in management positions. Many employees were long-standing and had been promoted due to longevity without formal professional development or qualifications. Relationships and loyalty were rewarded in the family-business environment as a clear understanding of the checks and balances of social capital were held by the owners. There was real clarity around the debts created by doing favours and there were common examples of finding jobs or training opportunities for the sons and daughters of key clients, which in turn lead to more business and advocacy on behalf of the business, driving enhanced reputation, and in turn more business. This applied internally as much as externally.

I knew instinctively that the value in this was enormous, but the intangible nature made it impossible to measure, and that it was a very real competitive advantage not understood by the larger, more corporate parent company.
This was outside of the clear goals of the structural and financial models and where I started to question the completeness of the picture. The role of change manager was to assemble all the data necessary, analyse the options and make clear recommendations to the Board (along with detailed costings and projections of profitability). There were several milestones for progress reporting established and these reports were to be given jointly by myself and the consultants at executive management meetings and Board meetings. However, I had started to see how limited and limiting this worldview was as I could see the complexity of the scenario that went well beyond the boundaries of the project. One issue that had emerged related to the enormous stock in relationships and industry knowledge held by the original owners, who were now competitors. Modeling based on current market share with reduced costs was destined to be wrong as the competitive landscape changed.

**ACTION RESEARCH-ACTING PHASE**

**Story of Change**

Upon entering the pre-press business it was immediately obvious that there was a reluctance to embrace the top-down notion of change (or colonisation). As the Division had been allowed to continue to operate autonomously not much had changed after acquisition and there was a belief within that the organisation was not culturally aligned to the larger organisation due to the value it placed in the artistic process, and high quality output. There was a sense of artistic snobbery in the place which was possibly well-founded, but out of date considering that they had lost the battle for independent survival. The parent company ran large volume print plants that produced junk mail, telephone directories and consumer magazines.

There was also a belief that the profitability issues could be rectified by more sales or smarter packaging of solutions or management of key relationships, and there was little consideration of the financial implications of outmoded equipment.
and employment of skills no longer required. This was partly attributable to the lack of understanding due to lack of exposure to the complexities of accounting practices in business, especially those relating to the costs of holding high value, but out-of-date assets. In the previous regime only family members were privy to results relating to profitability of the business, sales results were the only things shared, to drive targets and motivation.

Once the business was acquired by the parent company, financial reporting requirements were imposed, but, once again, this did not equip them for the real competitive world as there was never any danger of not being able to pay bills with the parent company was the ‘bank’. So it is quite valid to suggest that the management team were financially naïve, and had been offered no professional development opportunities in this area formally or informally. They were artists and relationships people, not equipped to work and communicate in the economist’s worldview.

The Business Transformation team I assembled as the internal change manager included some members who had worked in the company and understood the processes, customers and culture, as well as the changes in the external environment, (some were only partially ‘seconded’ and still held roles in day-to-day operations). In addition there were those who understood the technology advances in the print industry having worked in an engineering role in these plants. We also had an operational IT representative, an HR representative, a financial modeler (who had worked in corporate and divisional finance and payroll management roles), an external consulting team who had specific post-acquisition project management skill sets and myself (as Business Transformation Manager). My role was to manage the activities and progress of this team who were investigating the challenges ahead, proposing possible solutions, costing these etc. I was also the key point of interface for the external change consultants, helping them to translate the issues into appropriate language for Board reports and broader communications.
The accommodation within the premises offered to us was rudimentary and isolated from the general workforce even though the building was large and there were other options available. This was perceived as a symbolic means of isolating us and making us less visible to the business. This location was accepted without fuss as it was seen as consistent with the needs of the culture at the time i.e. if we were to win them over we needed to be seen to be friendly and agreeable.

The project lasted approximately 10 months. During this time there was a consultative committee established which consisted of the current management team, the external consultant, myself and appropriate members of the Business Transformation team for the purpose of communicating the findings to ensure alignment on technical issues, the engineering challenges uncovered and other general items of progress. Existing management team members were invited to participate in the analysis and interpretation of information collected and comments on emerging recommendations. Occasionally there was also a requirement to discuss operational decisions which may impact in the future viability of the organisation (e.g. renewal of leases or employment contracts).

Whilst these meetings had carefully planned agendas, papers circulated beforehand and minutes taken for future referral to discussions, they were difficult affairs. In retrospect this is easy to understand as each person in the room had to consider their future under any one of the multiple structural options that were presented. They also had to participate in a re-definition of their roles and determine the skill sets required to carry out these roles if they were replaced. Not only did they have a direct vested interest in structures that favoured them but they had the clarity of operational insight to drive a good argument for their preferred case. This added to the complexity of the data collection and analysis of the business as they needed some level of validation. Whilst participating in these meetings they also had to manage their staffs’ questions regarding the process (when sometimes that was not clear) and their customer expectations of ‘business as usual’. This set up a difficult dynamic as
both sides played the role of ‘just doing their job’ which produced inevitable conflict and stress for all.

The final solution presented was structural, as expected with roles for many of the existing management team, but not at the same level in the hierarchy and not with the same scope. Some parts of the business were to be physically integrated into print plants. This would mean a loss of autonomy (even if only perceived due to location) and a culture shock. The workforce was to be significantly down-sized starting with targeted and voluntary redundancy packages. However these were generous with the costs associated being part of the reason for delaying this post-acquisition change program in the first place. Due to the costs this needed to be staggered over time to make it affordable. This meant that a long drawn-out painful process was unavoidable and good employees were lost in the process.

Longer term this structural solution was going to be a significant source of pain for those involved, and it was determined that it would need to be imposed as it was unlikely to be embraced. The Board and the external Consultants believed the logic to be compelling, but knew from the work of my team that this was only part of the challenge. Those who were used to working in the simple world of finance and economics moved quickly to implementation mode – of course, it helped that they were not the audience onto which this change was going to be delivered.

**ACTION RESEARCH – OBSERVATION PHASE**

**People Impacted**

There were a large number of people impacted in this process. Firstly the workforce of the Division. Some would be offered redundancy, some re-training, some would be immediately moved to other roles or other premises. Leases on interstate offices were not renewed and so conditions changed significantly when
some were co-located with print plants (from artistic surrounds to manufacturing surrounds), adding emotional stress to the process, with a dislocation from familiar surrounds.

Management was required to assimilate with the parent company and to apply for new roles outlined with the new structure, or within the parent company. In the economic paradigm, this approach of ‘spill and fill’ is common and seen to be the logical way to ‘flush out’ the best talent and commitment for moving forward.

Prior to my theoretical journey I would have supported this approach. However, in a series of small awakenings I now understood this was akin to rounding up and re-settling villagers ‘for their own good’. Where no value was placed on relationships, experience, artistic ability, social integration or other human aspects not captured in position descriptions.

The Business Transformation team was profoundly affected by the project and the development of the final recommendations. Some with technical expertise were encouraged to apply for roles in the newly structured business, some were offered roles back in the parent company and others were offered the path to up-skilling or redundancy. The experience was one of continuous strain, in which the pressures from the top to deliver on time were enforced, and the external consultants drove hard to get information required to make interim reports (so they could get paid). The workforce of this Division continuously sought information and certainty about the future (which was not possible to give). Those who had previously worked for the Division but had been seconded to the Business Transformation team found themselves isolated from their colleagues, in some cases destroying the relationships they had previously enjoyed.

There was a sense of being stuck in the middle with a need to balance the objectives of many parties at once whilst trying to ensure progress towards the intended goals.
Lastly this process impacted on me significantly since as a result of this process I chose to leave the company. I could see the compelling logic in the final plans presented from the worldview but could see no role for me in what was to be principally a print company operating in that paradigm. I was disillusioned with executive management of the parent company as I had taken the role under duress expressing my concerns over the likely response that we would experience when moving in and progressing this project and the support that would be required. The support was not forthcoming (and may not have been possible to provide) but my expectations were that they would attempt to supply it. In the end I saw myself as a loyal and steadfast employee who had been used as a scapegoat to absorb the flack during a predictably painful process.

**ACTION RESEARCH – REFLECTION STAGE**

**Reflecting on the Case Study**

I understood at the end that I was no longer aligned to the company objectives as I felt they relied too much on the numbers and the financial models produced and took little notice of the human factors (workforce, customers, shareholder, others) that would determine success or failure of any organisation. Later I would understand this to be an emerging awareness of my alignment to the concepts of social justice and the power and value in social capital. I now have no doubt that immersion in the organisation, the human contact, the emotional exchange and, in particular, the stories told and re-told were what engaged me and expanded my worldview. I was not rejecting the economic paradigm, but was starting to understand its limitations, it was only a small part of the picture, and there was more that one truth out there.

It is likely that the parent company were always like this but in the first Case Study I had been autonomous and somewhat isolated from what it meant to drive shareholder wealth in their view I was lucky enough to have been involved in the growth of a business for long-term benefit (see case study 1) and had not had to
deal with the short term version of this objective. I was not opposed to driving sales and/or profitability in a competitive environment but I also understood that factors such as motivation, relationships, engagement in work and other factors that do not appear on spreadsheets could have a significant impact on results.

The creation of the Business Transformation team had fooled me (and possibly a few others), as it had seemed that they understood that the transformation process (in which humans are required to accept and implement change) is far more complex than determining what that change may look like. However, they were simply trying to reduce the risk by taking the advice of consultants, and seeking a means of dealing with the messier parts of the project. It was simply a means to an end to deliver what was essentially a pre-determined endpoint.

**External Influences**

There were many and varied influences, and these had been building in the years between acquisition and initiation of the change program. They included:

1. Global changes in technology from older film-based photographic and pre-production processes to digital photography and files, including change to digital colour space
2. Associated skill sets in the workforce, aligned to artisan styles of past processes rather than fast processing of new technology
3. Re-emergence of the original owners of the business in a newly established competitive business, leaner and more up-to-date in technology terms, retaining relationships with customers
4. New requirements of customers as they started to respond to their customers’ desire to incorporate new technologies into processes
5. Advancements and investment in print plants causing bottlenecks on workflow and poor integration of units
6. Shareholder expectations of profitability and dividends coupled with criticism of lack of action when this business was first purchased
Outcomes

The final outcome was billed as a success in economic terms, the process had been thoroughly documented, had logic and had taken sufficient time to allow a reasonable number of people to retire, take voluntary packages, be re-deployed or simply leave to take up other opportunities leaving a smaller number of people to consider in down-sizing (reducing costs).

However key issues were not openly discussed and this limited the opportunity for organisational learning. There were many things already known about the reasons for the lack of integration of the pre-press business into the larger company, but the pressure to act only came when the result became financially real and had the potential to impact unfavourably on the whole business. The attitude prior to this had been something like ‘if it isn’t broken don’t try to fix it’ an expression often used in this business.

Some obvious business lessons were:

1. Acquisition is not just about purchasing a business and its assets – it doesn’t finish when the accountants are satisfied with the finals settlement of debtors and creditors – that is when the work starts, the next stage should not be delayed or underestimated

2. Change imposed from on-top (or from a new business owner) is going to be rejected no matter how compelling and logical the arguments are. This is a simple human reaction and much time could be wasted analysing it. There is always civil unrest and the rise of rebel forces when the conquerors attempt colonisation

3. The Catch 22 of change is that the more complex the integration task post-acquisition the longer it will take to find a final solution, but the longer it takes the more complex the task (i.e. no business/marketplace/groups of employees is static)

4. Accounting models of profit after acquisition or assimilation or any other change program are ALWAYS wrong, they are just models and lack detail,
they should be used only with the knowledge that they are inaccurate and based on incomplete assumptions and should be frequently updated

5. Culture is a strong attenuator of success in change programs, if it can be harnessed it will enhance success, if it is mishandled it can hamper success or even derail the whole process. Either way it cannot be incorporated into a spreadsheet but it cannot be ignored

6. Change is a process full of conflict and negotiations. When positively handled this can bring great commitment to the process, when negatively handled this can bring great pain to the process

7. Approaching the process with an economic mindset creates solutions which are predictable, and limited and generally unsuitable for use with human beings

**Personal Learnings**

Some less obvious personal lessons were

1. Structural change is easy, you can just announce what has to be done differently and the scenario changes, but Transformation of the business process, people, products, services, systems etc to accommodate the change is the difficult part, especially if they have to happen retrospectively (Bridges 2002)

2. No matter how carefully you have read the map of the terrain, actually walking the road will bring many surprises, it makes an enormous difference to be 'living the experience' alongside the 'targets' of the change

3. The empathy developed by the immersed change manager can have an enormous impact on the progress and process, far more that the arms-length consultant. The knowledge that you still have to work with the people or the organisation post-change gives you a re-weighting of issues that differs from external parties

4. There is greater personal scrutiny (due to opportunity, curiosity, networks available) of an immersed change manager (and team) and so it is
essential that there is a consistency and honesty demonstrated to gain the confidence and trust of the organisation under pressure to change, this pressure is not exerted on external change consultants

5. Courage and clarity around the objectives are two essential components of that consistency. There is no point shirking the tough questions or avoiding criticism. Clarity around objectives helps with decision making and analysis of options. In this case the one core objective was ‘enhancing shareholder wealth’ so that was the lens through which everything was analysed.

6. Management of the Business Transformation team with consistency and clarity makes life simpler as they too are ‘stuck in the middle’

7. The formal reporting structure of the organisation tells you nothing about where the real power lies. Understanding that there are far more complex informal networks of power is key to tapping internal resources – and if possible, ensuring that you have a more powerful internal person on your team than hierarchy would suggest

8. Understanding the history, the passion, the lived experience, the pride, and all other components of culture is key to success, (even if this cannot be translated in a manner that makes sense to those not immersed in the culture it can still be utilised), it is important to acknowledge it as embracing it may not be a practical option.

After spending time living with the people who were subjected to the imposed change and developing an understanding of their context the complexities became more obvious. In order to reshape the business to meet the key objective of shareholder wealth there was more required than just an investment in technology or developing new work flows.

Those who had been longstanding employees had reduced confidence in the future of the business and in their own employability. They felt that they had been abandoned by the original owners and left with an organisation that did not value what they did (artistic merit, quality), and that they had also not been given
any support by the new owners. What had first been interpreted as autonomy from the outside was seen as disdain from the inside. Then their original owners established their own business in competition and picked off the people they wanted to steal one by one, leaving the remainder feeling unwanted (by old and new) and concerned for their future. If the new owners were downsizing, and their skill sets were no longer wanted by anyone, how would they survive in the future? Better to hold on for a large redundancy package. This lead to a miserable and unmotivated workforce and it was no surprise that sales were not up to expected targets.

The parent company had been naïve in the acquisition by not understanding that the old owners would go into competition and would have a clear advantage (relationships, freedom from legacy systems/technology). They bought a significant liability in the workforce as the average length of service was high and the conditions of employment (which included redundancy clauses) were generous. I could only assume that they were impressed with the accounts presented and did not consider that a large part of the real value in the business (the leadership and their network of relationships) was not clearly understood.

Once the structural change options were expertly designed and endorsed by the external consultants, along with the financial models to match (all developed by the Business Transformation team) and a phasing was suggested to spread the costs over a period of time, to reduce the pain to shareholders, I had an opportunity to leave the project and hand it over for implementation. My personal opinion was that this phase would be best done by those who were committing long term to the business and who had the right skill sets for this new era, there were many better and more committed than me already available internally. I had also realised that I was now significantly less aligned with the worldview of the parent company than I had been at the start of the project.

During this whole process one of the most difficult relationships I had to deal with was with the Managing Director (MD) of the target organisation. He was the person who had been mentored and developed by the previous owners and had
taken on this role post-acquisition. He had remained close to the previous owners on a personal and professional basis – which was understandable considering the intensity of the relationship and the fact that they still moved in the same circles. When they became competitors this closeness became a concern. The MD had been the one most reluctant to support the change process, actively derailing consultative committee meetings, denying the Business Transformation team access to necessary data/staff/and other materials and being particularly aggressive in response to findings and analysis presented at regular intervals throughout the process. His actions and response to the process is perfectly understandable in human terms – his empire was crumbling around him, his mentor was hammering him in the marketplace and the owners of the business had imported a team of ‘upstarts’ who knew nothing of the challenges and complexities of his job to advise him on the future size and shape it would take. He may well have understood the logic behind it, but he was not going to support (or more importantly, be seen to support) change on somebody else’s terms.

In order to deliver the project on time both my team and the external consultants determined that the process would move much faster if he was removed from his role and an interim MD were substituted. It was considered unlikely for him to accept a ‘package’ as he would have looked disloyal to his employees. This recommendation was made several times throughout the project but not acted on by the parent company. This was a further source of frustration for the change process. For completeness it is interesting to note that as soon as the implementation project team was approved he was one of the first to be removed from his role, and he immediately went to work for the previous owners and remains in competition with the company today. Those who have a tendency towards believing conspiracy theories may feel that this was a set-up from the start.
**Ontological Change and Sense-making**

This assignment of a major change program saw me change my view on many things. It added a degree of understanding of complexities in issues that are not easy to capture in measurements that lead to simple quantitative results or analysis opportunities. By understanding the simplicity of the approach to change by the organisation it highlighted for me the naivety in my own approach to business, in my absolute faith in the quantitative. It was on this assignment that I abandoned my commitment to quantitative methodology.

My frameset (Bolman and Deal, 1997) was expanding once again. I now understood that there was value to be found in the intangible assets of an organisation. Those which could not be captured on the asset register were those which could not be copied by competitors and so had enormous potential. These are not items that can be modeled in a spreadsheet.

I was now able to see that making decisions from afar was flawed, and that the context and complexity of an organisation, or any other network of people, needed to be properly understood. The more key this decision was to success, the more necessary it is to get an immersed perspective.

It seemed to me that evolutionary change emerges as a solution for those with a limited view of the world and that revolutionary change may be a better option. Rather than trying to force an acquisition to act as the rest of the business, and potentially destroy much of the value you purchased, perhaps there is another answer.

Any large and complex change program is not likely to progress exactly as planned or deliver exactly as executed against objectives. Things change in the outside world whilst the program continues and so there needs to be room for flexibility and re-setting of objectives as time progresses, or to make them very high level and allow for a range of possible outcomes.
One certainly in change programs is that of significant and continuous pain and conflict (Abrahamson, 2000; Smith & Saint-Onge, 1996). If it is not occurring then there is no engagement, no understanding of what is happening. There will be many instances where there can be no resolution of the conflict, only interim compromises. All of this is normal and not to be avoided. This can be minimised by setting goals in a short term and consultative manner, allowing for re-setting as time moves on.

Immersion in the business includes an opportunity to learn the language, the slang, the context of the in-jokes, and therefore to develop the level of sensitivity required for impactful communications. Often a ‘leak’ into the informal networks can achieve more alignment than a finely crafted document distributed from a HO, or PR firm. The latter is of more use with external customers and other stakeholders.

This expanded worldview helped me to understand how useful it was to uncover the informal networks and sources of power – these are often quite different to the formal published hierarchy. Whilst it was important to follow protocol and meet with people at various levels for various purposes, it was equally important to informally interface with the most important influencers of culture, so they could become an internal advocate for the program and ensure that feedback flowed back to enhance the effectiveness of any implementation.

Lastly, I could now see that once motivation is lost it is hard to restore in an organisational sense. I also started to realise that economic drivers are the wrong ones to focus on in times of human stress as they add undue pressure, and that non-financial approaches are needed. This can be as simple as inviting people to attend a meeting to design a future process, or a review of the importance of market sectors today and in the future. This communicates a different sort of (long term) value to employees.
**On reflection**

This was a difficult assignment due to many factors. There was the naïvety of the purchase, the lack of post-acquisition assimilation of the business, the significant cultural differences and the sense of abandonment and level of demotivation in the staff. None of these issues were factored into the modelling of future profitability of the business, based mostly on reduced costs (reduced number of people, shared facilities, more efficient workflows etc) and the assumption of similar sales results (old products/services being replaced with new products/services).

I knew before I started that this was not going to be a simple assignment, but accepted it as I felt that the challenge would be useful in my career development. I was possibly also flattered to have been considered for the role as it was a big responsibility and the outcome was a key importance to the organisation. I was ambitious and interested to pursue other possible roles within the large parent company. At that point in time I felt I was absolutely aligned to the corporate objectives.

Before commencing I understood with enormous clarity that the one key objective was to enhance shareholder value. I knew this to be the one clear legal responsibility of a senior officer of any public company. My eventual disillusionment with the business was not over that principle of capitalism, but over the interpretation of how to deliver on this in a long-term sustainable manner. I had started to develop an understanding of how value was inadvertently destroyed in the standard formulae-driven process of change implemented in many businesses (I had this suspicion confirmed in discussions with the consultants engaged for this project).

In case study 1 the value was retained, even if unknowingly, by the culture that had emerged in a trusting, creative environment. Sometimes value was lost (in people leaving or products falling out of favour due to changes in technology, or in re-branding exercises) but it was never actively destroyed.
I had now started to develop a view that there are more than just the tangible resources/assets in an organisation and that we should work to understand as many of the intangibles as possible. I also now understood that some of the core value in these intangibles is due to the social and intellectual networks that are formed which are dynamic, changing and continuously realigning to deal with new challenges. These are therefore well rehearsed in change. So, if a business is having difficulties in its marketplace (declining sales, declining profits etc) it is unlikely that the intangibles are a problem (they are likely to have already moved with the challenge), rather it is the tangibles which are responsible. Yet, the targets of the financially-driven change programs are the sources of ‘costs’ (such as people) without any understanding of how that will impact on the positive sources of intangible value.

I had come to understand a great deal about complex business in times of change, of conflicting cultures, of informal sources of power and influence and of hidden sources of value and hidden risks. But I failed to be able to quantify these in a convincing way to the external consultants (who drove the formal communications) or the executive and Board of the parent company I felt that I had failed in this aspect of this project even though the organisation saw the project to be an overall success. I knew that there would be pain, that the expected outcomes may not be delivered and that the logic was, at best incomplete, at worst incorrect.

The initial mistake had been made by accountants. It had not been a mistake to buy a company of this sort, but a mistake to not consider the intangible assets and liabilities of the business. Now the mistake of imposing change was once-again being driven solely by financial modeling and objectives.

This caused me to reflect on other issues I had been exposed to in terms of decision-making by the executive ranks and to consider the lack of depth in understanding of sources of value (and then possible sources of value
destruction) in their businesses and those of their competitors. I started to realise that my view of business was much more complex and chaotic than theirs, that I had a much more holistic view than they did. I started to realise the advantage of the experience of working from within a number of disciplines, and of having started to explore intellectually an expansion of my economic worldview.

This is where I started to feel unsupported by the organisation. I had been sent to do a difficult job. I recognised that, it would have been much simpler if (a) the conditions of the change had been determined in consultation with the MD, so that at least he was part of the process and (b) he had been counseled and supported to present a positive light on what everyone saw as being inevitable – talking of a future full of opportunities, and therefore supporting the process.

I felt that there was a certain amount of unnecessary cruelty in assessing positions without consideration of the people who currently held these roles. To require the management team to dispassionately review the organisational structure and make suggestions regarding what a new structure might look like and what role might be included or not assumes an ability to take an outsiders view of the project even when some of those roles being reviewed are the ones they currently occupy. All of this, whilst they are going through a significant change program that has been imposed on them and their staff is somewhat unreasonable.

This role had a significant impact on my health, both mentally and physically, which I now see as an obvious outcome of the very real ‘battle’ I was engaged in, in both an organisational content and an internal intellectual and moral context.

I understood later that I was a kind of ‘fall guy’ – something often used in change programs. This gave the management team of the parent company an arms length involvement allowing them to be rational and unaffected by the process to treat the people involved as objects. I did not see completely the implications that would have for me personally before I accepted the role, and thought I too
would be able to retain this perspective and emerge unscathed. I was surprised to find that I was human.

This project changed me significantly by delivering to me a personal epiphany on the difference between being a manager of change and a leader of change. I started the journey expecting to take a direct line from start to finish. Undoubtedly this would be punctuated by challenges, delays, milestones achieved, progress, back-tracking and other events, but mostly a target end-point would remain in sight throughout the project.

What I found was a fork in the road with a choice of paths. The information/engagement/transformation I experienced enlightened me to at least three distinct options, (1) I could continue as an unaffected change manager much as the external consultant could on a straight-line trajectory, (2) I could re-assert my alignment to the parent company and drive the colonisation and assimilation project from a hard-line, no compromise perspective, (I now believe that this is what they expected), or (3) I could take the path less traveled and become a leader in the time of change, getting in synch and engaged, interacting and driving change in a positive direction (Goleman, 2006, p 280).
This choice can be represented diagrammatically as follows:

*Figure 5.5 – Choosing the right path forward*

The added complexity in this situation is that to be an effective leader of change you need to be able to operate across the pendulum of worldviews, working in the right context for the right audience, simultaneously.
5.5 CASE 3 – Public Sector – Process Technology-driven change

Interim between Case 2 and Case 3

The impact of Case 2 on me was profound. I had voluntarily opted out of the project I had been engaged to lead at what was billed to be a logical point, but it still left me feeling a personal sense of failure. I had failed to enforce delivery of a more complete implementation plan, as the Consultants had determined (rightly) that the Board only wanted a structural solution. I had failed to ensure that sources of intangible value got included in the review as the Board only wanted cost-cutting exercises modeled. I had failed to find ways to incorporate more positive outcomes for the people involved as that would have required seeing them as more than objects or numbers on a spreadsheet, which the Board was not interested in doing.

After departure I did not seek another full-time position, instead I felt the need to focus on sense-making and reflection and spent time working on other parts of my study, continuing the theoretical and ontological journey described in preceding chapters, and taking the opportunity to do some teaching. As described earlier, my worldview was changing rapidly and so was my leadership style.

This gave me an opportunity for ‘catch-up’ to allow my Ontological journey and theoretical journey to be processed in the context of the practitioner. It is in this interim where I had time for thinking that I started to really appreciate the benefit of reflective practice.

I now know this to have been my own ‘neutral zone’ (Bridges, 2002), where there is an opportunity to explore creativity and innovation and re-grouping of internal resources can occur. This was the ideal opportunity to revisit my personal objectives, to reaffirm my commitment to this thesis, to share this in a teaching
environment and to formulate some learnings from the three simultaneous journeys of the last few years (journey in theory, ontology and practice).

In the time between Case 2 and Case 3 I assisted my partner in establishing a new business (taking a back seat with a support role). I also took on a short-lived CEO’s role with a small business who was seeking to expand quickly due to technology changes which were imminent. This was cut short by the dissolution of the partnership of owners. Two were intent on growing the business quickly and investing what was required to do so, the third (a majority shareholder) wanted to take a much slower and more conservative approach. This was disappointing to me and others in the business and in response to this, after reflecting on the value destroyed in this partnership, and my intellectual awakening, I found myself swinging to the extreme end of the continuum of Social Capital/Economic Rationalisation.

It was in this space that I gained clarity about my personal alignment to the concepts of social capital, knowledge sharing, community engagement and sought a role different to my previous roles at the other end of that continuum. I now realised that the pursuit of shareholder wealth via change programs driven by short-term financial projections caused pain for little reward. This pain was shared by the participants and the leaders of change and the longer term view of tapping the intangible resources where contributions can be made voluntary, engagement levels heightened by commitment and trust would not only possibly give better financial results, but also better social outcomes.

I began to seek roles where social capital was at the core of the culture, where I could feel that the work I did contributed to society in some small way, even if just to the workforce I had influence over.

**Introduction**

This third case sees me return to the workforce to take on a change program in a mature business in the public sector, an entity established for a specific
community purpose and whose main source of funding was government. This was an organisation whose key objective was one of public good.

**ACTION RESEARCH – PLANNING PHASE**

Here the information gathering phase is outlined, building the background, context and challenges that will be addressed in the Acting Phase.

**Context of Setting and Case Study**

This public sector agency had a long and stable history. Since it was established in the late 1980s there has been growth in numbers of employees, expansion of the work, and a change in focus in line with the expectations of the stakeholder base. Whilst funded by Government it has an independent Board of Governance (with representation from the three major political parties) and associated sub-committees.

I was employed as an Executive Director (of a core business unit) to implement a change program that had already been designed. This was new for me, to enter the project at implementation phase rather than earlier, it was also a smaller organisation than those described in cases 1 and 2. Over the previous 2 years there had been a significant review of the organisation’s capabilities and unit-by-unit there had been structural and functional changes implemented (some large and some minor). The last unit to be reviewed was the Finance & Administration team which provided support for the whole organisation, the Board functions and compliance reporting. This was the unit I was employed to lead through the final phases of a change program under its new name of Corporate Services.

There had been considerable ‘data’ collected via consultation with staff to set the expectations for this newly named and expanded unit and this was the brief I received on my commencement.
Challenges at Hand

Perhaps the biggest issue that had been identified for the organisation in the short-term was the fact that they had core IT systems which were more than a decade old and starting to fail under the strain of the expanding environment. These IT systems had been designed for a smaller number of users and had been growing in functionality (and instability) for the last few years. There was a significant danger of failure and loss of important records and audit trails and a very large project to replace these products had commenced.

This project represented a large dollar value expenditure and had gone to tender (as is required in the sector). Only two real suppliers emerged and the cheapest quote was accepted. Almost predictably, the project was behind time and over budget at the point in time where this case begins, and there was concern about the solution that had been presented to-date.

The technology change envisaged was relatively trivial when compared to the implementation of the suggested solution. Software applications could be installed and data migrated to the new system almost without consultation (this job could be done easily by outsiders). However, this was likely to change the way people did their jobs and the way they interacted with others internal and external to the organisation. The organisation had no strategy or resources in place for this or understanding of how to integrate new core technology tools into the business.

The discussion relating to the re-structure of and additional support required from the Unit had precipitated a decision by the then Director of Finance & Administration to retire. This had flow-on effects to those on his team, as two others also decided to take this path and a further two took a redundancy offer based on a planned restructure of the Unit. Whilst the terms negotiated meant that there would be hand-over time for new recruits, it also meant that there was
likely to be a significant cultural change in this unit over a relatively short period of time. I arrived with the dual challenges of managing closure for the outgoing staff and recruiting suitable replacements with little time to learn about the organisational needs (beyond what was documented prior to my arrival).

**Characters and Motivations**

In recruiting for this role the CEO had specifically sought someone who had managed change previously and ideally change driven by technology. He was aware that there were challenges and did not feel well equipped with their current resources and consultancy panel to manage the implementation smoothly. They also wanted somebody from outside of the Public Sector as they were seeking a revolutionary who could bring cultural change (the structure was seen to be of less significance in his eyes) and a level of project management drive to the internal resources, rather than remain dependant on external parties.

The CEO had been in place for some time and was instrumental in the change that had flowed through the organisation in the previous couple of years. He had a clear understanding of the hidden influence of culture of a unit or an organisation and was keen for the in-flow of new recruits as he saw that as an opportunity to refresh the organisation and import new skill sets, as well as potentially address some of the less positive aspects of the legacy of a long history (such as resistance to changing procedures, systems etc) and embedded cultures and behaviours which were more appropriate to a past phase of development of the organisation.

He was both a very visible and dominant presence in the organisation, an inspirational figure-head. This had positives and negatives associated with it. While he was a powerful and well-informed advocate this had the unintended outcome of effectively disempowering the executive team and creating a culture of dependence in which he filled the role of ‘Father’, where he was always ready and willing to overrule ‘mother’ or ‘aunts’ and ‘uncles’ if you could convince him.
This meant that some in the organisation behaved as unruly teenagers, disrespectful of authority, who knew Dad would ‘bale them out’ if they got into any real trouble. As teenagers do when living together factions and quarrels were common and poor/naïve behaviour common. This is certainly not dissimilar to many organisations, the surprise for me was that the culture of openness meant it was discussed and accepted. The CEO had expressed the desire to bring more business discipline into the organisation and he therefore saw my experience working with large public companies in technology-driven environments as a benefit. He felt that some of the immaturity in the business could be solved by logical rules which could be imposed.

**ACTION RESEARCH – ACTING PHASE**

**Story of Change**

Even before my official commencement date I attended interviews with applicants for the key roles that would become part of my new team, as the compliance reporting load for the organisation was high and this was an area where they could not afford to be under-resourced for even a short period of time.

Four new team members joined shortly after my commencement. This meant that there was a significant amount of new blood that needed to be quickly merged with long-standing employees (some of whom were not feeling positive towards the process). However, the rest of the organisation was quick to embrace the change and hopeful that new blood would mean that the services offered (and new skills imported) could be expanded to fulfill their support needs. The organisation had an overarching culture of consultation and so was enthusiastic about contributing to the reformulation of roles, priorities set for projects and other issues. The previous team had been perceived to have been conservative and protective of roles, not allowing for this to occur. To be fair, this is more likely to reflect the necessity of isolation of finance staff and processes from the general population when you are in the business of spending taxpayers
dollars, they were enforcing protocols that needed to be in place in the era of manual processes and records (before good electronic security became possible).

My perception was that the retiring Director was a product of his time and of the origins of the organisation. He had been in the role since 1988 and had done a fine job from an external perspective for that time. He was well respected and well known by external stakeholders, but it had been a significant challenge to evolve with the changing face of the internal stakeholders over time, and especially in recent years when their IT demands were beyond his experience and interest. His decision to retire seemed to be driven primarily by his desire to keep out of the complex and expensive IT project territory where he correctly saw the risks as being high.

The major IT project underway had not proceeded as expected and was in danger of non-delivery. The project manager who had done a good job at the inception stage, when project scoping and design where the focus, did not seem to have the skillset or motivation to support or manage the development and proto-typing stage and the associated business process changes. There was no senior management buy-in to the process and so it had no real ‘sponsor’, as both the outgoing Director and the CEO had no real technology interest and were merely competent users. They may also have been made to feel less capable by the highly technical/jargonistic approach to documentation taken by the supplier and the project manager.

The project was now effectively being run by the supplier, and the progress reporting and scope management had been left up to them. Although they had a process of consultation the lack of someone on the inside to translate the meanings or manage the scope-creep meant that when the first stages of the project were delivered it was unsuitable – and yet quite advanced in project development terms, it was based on their interpretation of the organisation’s need, without validation with the users.
Due to the significant expenditure to-date and the lack of control points in the project plan this was a high risk project that had been allowed to run on too long without a review and now understood very clearly the perspective of the outgoing Director. I therefore asked for a specialist team from the Internal Auditors to review the project and provide recommendations for moving forward. My views were that the organisation was inexperienced in this territory and the consultative process, whilst good for getting buy-in, needed to be supplemented with some visioning of the benefits technology could bring and leadership as well as project management principles. An inexperienced organisation is not able to articulate what they need today, and certainly has no vision of what they may need tomorrow. By the time the project was to be delivered as per specifications it would be well out-of-date and would require the process to commence again, almost immediately, leading a continuous cycle of catch-up and a large ongoing commitment in both dollar and people terms to ongoing development.

The Auditors agreed with my assessment and felt that the specification documents were out of date, needed re-visiting, the product may well have been what was asked for, but was not what was needed and the expense of developing a customised system was not necessarily the right approach as there were many more off-the-shelf options that had emerged in the 2 years since commencement of the project.

As a result the project was called to an immediate halt, this conveniently coincided with the conclusion of the project manager’s contract, and a review of the process was started with the co-operation of the supplier. Part of the strategy of involving the Auditors was to allow escalation of the issue to the Audit Committee and in turn the Board to ensure that they were informed on the action taken and the reasons why.

This was not a popular decision with staff as they felt they had invested significant time and effort in the development (which they had, but which would
still have utility in the future), and they were keenly aware of the limitations of the legacy system which they felt was adding significant inefficiencies to their roles.

This was not a popular decision in the eyes of the CEO who had envisaged that the new people in the team would serve to fast track this project to satisfactory completion. However, he did understand that it was better to stop a project that was likely to have an unsatisfactory outcome and to ensure that the project specifications were as up-to-date as possible.

This was also not a popular decision with the Board as it suggested that there were sums of money that had been spent where value may not have been achieved and this could cause public embarrassment and concern. This was a good outcome as the project was therefore elevated in terms of visibility, priority and monitoring which was essential as it was core to the organisation's purpose and reporting on its progress against objectives became a routine necessity and part of everybody's business.

Unexpectedly, after only a few months of bedding my new team in, near the conclusion of the first financial year the CEO announced his intention to not renew his contract which was to fall due early in the new calendar year (some 8 or 9 months away). This precipitated the necessity to prepare the organisation for a major transition, and to commence the search for a replacement. The latter project became a priority for the Board and once a 'supplier of choice' in terms of recruitment consultant was chosen there was no further input or association with this activity Invited. The isolation of this project, whilst understandable (in terms of protecting the privacy of candidates) added significant stress to the entire organisation as updates were infrequent, and many were concerned that there may be a significant gap between the departure of one CEO and the arrival of the next.

Part of the angst was around the fact that there was no Plan B, there had been no formal thought given to succession planning, or interim arrangements. In previous absences the Acting CEO role was filled on a rotating basis with each of
the 5 or 6 Executive Directors taking a turn. This was merely an administrative stop-gap allowing for someone to sign contracts, cheques and other official documents but to do little more than that.

The senior executive team saw clearly that they would need to provide continuity and stability in leadership throughout the transitional phase to alleviate the sense of stress and uncertainty experienced by the general population of staff members. But as mentioned previously this was difficult in an organisation that was so paternalistic. There were significant demonstrations of grief as 'Dad' was leaving. Many members of staff expressed a desire to leave as they had only come to work with this particular CEO and if he was gone they couldn’t see how their commitment would remain.

This was an interesting experience for me as it was the first time I had ever seen where the emotional well-being of the workforce was openly discussed as part of the responsibility of managers. Whilst there were no easy answers at least it was being openly discussed. It was clearly understood that to not address this would have an impact on the measureable objective that are reported to the outside world by way of the Annual Report and other performance management communications.

This was an illustration of an organisation who understood that outcomes and outputs were impacted directly by a complex blend of issues ‘upstream” some of which were not in the employment contract, or in the control of the employees. They knew that the emotional health of the employees impacted on efficiency and effectiveness of the organisation, as much as the physical health.

Even something as tangible as the IT project would be impacted by upstream issues such as commitment, motivation, cultural alignment, reward systems, knowledge sharing activities, experience, feelings of belonging, and support.
**People Impacted**

Those leaving, those arriving, everyone else in the organisation, and a number of people external to the organisation were impacted by the change in staff, team culture, approach, and the adding of control points on major projects and priorities. Add to this the imminent departure of the CEO, and the significant change in terms of leadership, the disruption to the paternalistic culture of the organisation, the sense of abandonment and grief and the environment was highly charged emotionally.

Corporate Services was the most significant unit to change in the organisation as this was the under-pinning administrative heart of the business. Every transaction in finance, HR, contract, and IT terms was mediated by a role in Corporate Services. I feel that there had been an underestimate of the impact of new people and new attitudes since there would be a stark contrast between the long-standing staff with extensive knowledge of the history of the organisation and the public sector and those who had been deliberately chosen from outside the sector to shake things up, and bring fresh perspectives and ideas.

Those leaving were least impacted as they were well supported in their departure, the positive aspects were highlighted and their history was publicly celebrated. Those arriving were expecting that it would take time to assimilate and so were prepared for that. Everyone else in the organisation was perhaps less well prepared, many support functions offered informally and in an undocumented manner disappeared since new arrivals had no idea of what they were since they did not appear in position descriptions or work plans. Whilst these were minor and easy to address they were used as ‘touch points’ or examples of negative aspects of change by those experiencing the grief of loss/change.
An example was the use of the ‘in’ and ‘out’ boxes for mail, files, records etc. Corporate Services staff distributed to ‘in boxes’ but in a physically small office environment expected that further internal and ‘out’ distribution could be done by individuals themselves. This has not been the case in the past, and I received a formal complaint that an outgoing mail item had sat in an outbox for 3 days without being collected and deposited in the mail sorting area. The person complaining was located no more than 10 steps from the mail sorting area, and would have walked past it a dozen times a day, yet refused to do it themselves as it had always been done for them in the good old days! What seemed incredibly trivial and easy to solve to me, a newcomer, was very symbolic of the down side of change for someone else.

**External Influences**

The major source of funding for the organisation had not changed in 20 years and the same base was being maintained with partial indexation only. In real terms this meant that the dollars were actually reducing in light of a market increase in salaries in certain disciplines. The expectation of ongoing program development and support from stakeholders meant that roles were becoming more demanding and the skill sets needed were more sophisticated, this was becoming an ongoing source of stress for the organisation, as it was hard to maintain this expansion of skill sets with a reducing capacity to pay for them.

In particular it was of concern when recruitment was underway, as often new recruits had to be brought in at higher levels and higher salaries than the previous employees and that was viewed with a mixture of jealousy and anxiety about budget capacity. This process had to therefore be managed very carefully and sensitively. It also introduced concerns about yet more ‘new blood’ and cultural change whilst the business was grieving, even before the CEO actually departed.
Another external influence of significance was the changing expectation of stakeholders in terms of technology. They now expected to be able to interface with the agency online to get answers to simple questions delivered in an efficient and timely manner and to be able to submit requests at any time without having to await a call back or similar. The outdated IT systems made this impossible and the stalling of the major project for revision and risk assessment would mean a further delay. The organisation was not completely lacking an online presence, but the website was not linked to any internal records or systems and was for delivery of standard information, newsletters and other communications only.

These issues were complicated by the fact that the main source of risk for any public sector agency is a political one – where it could lose support from government or taxpayers, and the main source of criticism is usually about how money is spent. So care needed to be taken with every dollar spent to ensure that it could be justified, tracked and an outcome measured. The organisation lacked good reliable reporting on this in real time. So, many things were changing simultaneously both internally and externally and the staff was now split between those who were resilient and either desirous of or neutral to change, and those who were stressed by and opposed to change.

**ACTION RESEARCH – MEASURING PHASE**

**Outcomes**

The change program (for which I was originally employed), in terms of structural transition and move from old to new staffing levels proceeded with minimal fuss. The outgoing staff members were celebrated appropriately in farewells, newsletters, with gifts and thanks from all. The incoming staff members was given the chance to learn their roles from the old hands, but sufficient freedom to change them/update them once they had gone. The transitioning of everyone else in the organisation took much longer. But I had now learned how long transformation takes and so was well prepared for this.
When the CEO announced his proposed exit the responsibility for formally and informally managing the transition was given to me. The formal portion included seeking expressions of interest from recruitment consultants so they could present to the Board, in preparing a package of information regarding the organisation, the role and the flexibility in salary packaging that could be offered. The informal role was one of support for my fellow executives most of whom had been working for an extended period with the outgoing CEO, and so were ill-prepared for his departure, and with staff by actually suggesting that people talk about it – to him, to their supervisors and to each other so they could make some new sense of the future without him.

Whilst the numbers in my team stayed relatively stable the roles and skill sets had changed significantly – there were now several people employed with IT responsibility to review, progress, test, monitor and later support the new systems that would (eventually) be completed and installed. This meant that low level support roles like having someone to collect mail from out-trays in the office no longer existed and staff had to learn to deliver their outgoing mail to one central repository. This is a simple and very low level change that caused much consternation – and an example of the surprises in store for all. New ‘house rules’ (and old ones re-iterated) had to be drafted and discussed with patience and good humour over a surprisingly long period of time. This is consistent with the process described by Balogun (2006) where small changes require a resetting of mind maps or guiding rule sets.

Eventually the IT project got back on track with a well documented project plan, an internal project board, the establishment of an IT Strategy Review Committee, the necessary buy-in and responsibility defined for the incoming new CEO, and an updated set of business needs and specifications. The final outcome was to purchase an off-the-shelf product with a plan to add some customisation to suit the local conditions. The logic here was that as this product had a large user-base future development pressures, patches, updates, new modules etc would be driven by this user-base and would only require us to add our voice to the
requests. If we had stayed with a completely custom designed product that would have meant that any updates or future developments would have to be driven by us and that would require a whole new cycle of analysis and development of specifications, for which there was limited capacity. This was seen to be a good outcome, however the original vendor declined the opportunity to tender on this round and so a further change had to be managed with those who had invested significant time and effort in this project, as a new external supplier project team were introduced and brought up-to-date with the progress and challenges experienced so far.

This approach leant us resilience to changing IT needs in the future. Our needs were likely to mirror those of others in the 2,000 strong user-base, and in some cases they may be ahead of us in terms of sophistication, and so pre-empt our future needs. This gave us a sense of preparation and comfort in an uncertain future.

**ACTION RESEARCH – REFLECTION PHASE**

**Learnings**

The highly consultative nature of this organisation was both a burden and a benefit, as it has the following impacts

- It slowed down decision-making and project commencement/change significantly
- When you finally get there, it speeds up implementation as there is understanding and buy-in
- Everyone expects to have input even if the issue is outside of their role, experience or understanding, so resources must be used to inform of implications and details (training and mentoring) and to manage expectations
- The item above helps to up-skill by request, rather than forcing training options for skills that won’t be exercised, but requires time and resources
• The impact of inviting or allowing comment on technical topics can (a) disempower and disengage the real experts, (b) dumb-down elegant solutions, and (c) dampen creativity and lead to easy to grasp solutions rather than truly progressive outcomes.

• Simple requests can become complicated by multiple viewpoints and levels of understanding of issues.

• Responses become more fulsome, well thought out and balanced.

• Autonomy is reduced, and some more appropriate technical solutions are dismissed due to lack of understanding.

I had been in the organisation a short time and already there had been various types of change to be navigated. Whilst these were not exactly welcomed, or painless there was a certain acceptance of progress and the inevitability. At least the pain was discussed openly and shared; people were vocal in their objection to strategies and outcomes which meant better buy-in, once these objections were addressed.

The feeling of relief when an off-the-shelf product was chosen for the IT solution was tangible. It gave the sense of control, in that collectively future upgrades would be driven by those who were better informed or equipped to know what was coming in international trends in a complex territory. We could simply choose to opt in or out of these changes according to our needs at that time.

This lead me to consider the possibility of building resilience in an organisational sense to other categories of change to add a degree of comfort in whatever the future may present. The need to simply stay informed about improvements that were available, and having confidence that there will be choices available in the future, rather than being compelled to continuously drive them does not have to be unique to technology or software applications.

Herein lay some clues as to the type of organisational culture that could become change resilient with a purposeful program of consultation, explanation and
collective decision-making and implementation. Preparing for an uncertain future requires consideration of all possible sources of input into the future from both internal and external sources, this required me to expand my frameset/worldview in a practical sense which paralleled the expansion that had already occurred in an intellectual sense.

**Ontological Change and Sense-making**

Once again my view was expanded by my experience of leading, and in this case being a participant in change. This was quite a new environment and the first time I had worked in a business not driven by sales, growth or profits. This allowed time in decision-making, and therefore was less pressured, but at the same time also less focused. This caused me a significant amount of frustration initially until I could respond by expanding my worldview.

This expansion involved a realisation that everything in a consultative environment is going to take more time to achieve and be much harder to maintain a focus to the key objectives. However if this is done properly (and sometimes this requires expert facilitation) the final result is broader and takes more issues into consideration.

In this new frameset informal networks seem to hold as much or more value as formal structures, although the latter must reflect what the community perceives to be a fair delegation of authority or hierarchy or there is conflict. When change is proposed the informal networks need to be mapped to ensure that they are considered as well.

Evaluation and goal setting become difficult concepts as there is much in this new type of worldview that is qualitative, hard to define, long term and dynamic. An objective set at the beginning of a project may well change over the course as challenges arise, issues evolve, external influences are responded to and more – the end point may be a great success but not one which can be measured against the earlier suggested objective.
Conflict is real, and can be appropriately harnessed as a source of passion in a consultative environment. It is to be expected and its absence is an indication of lack of engagement. In a change process it can be expressed in the form of intellectual debate to work through short term issues and reformulate perspectives to assist in decision-making choices.

Communication is a two-way process in this new worldview and so new messages are shaped on the responses to previous messages, and once again this presents a challenge in planning and focus requiring more dynamic media and approaches to development of formal and informal communications. This same mode is present in meetings where agendas and chairs are frequently challenged and again focus and outputs against plans become harder to achieve.

This environment introduced me to new sources of motivation, and demonstrated the challenges for leaders in ‘passion management’. This was an organisation where people often joined for the cause or what they perceived to be the opportunity to progress a cause they had an interest in. This meant that they were totally committed and would work hard on issues relating to their personal areas of interest. This was often not an area of priority for the organisation, but re-aligning them to what was an organisational priority would often simply result in an expansion of the time and effort they spent in the workplace in an attempt to work on both areas. leaders in this scenario needed to become skilled at recruitment, monitoring activities and finding a balance between what the staff member wanted to do and what the organisation paid them to do. This was not dissimilar to managing passionate volunteers in some areas.

**On reflection**

I entered this role without fear of change. Without even realising it I had become somewhat comfortable with the idea of uncertainty and had developed my own level of change resilience. I personally had changed since embarking on my first change project in case study 1, and since the conclusion of case study 2. This
may have been because I saw this project to be relatively straightforward and, that I could add some value to it by steering the unit and in turn the organisation in whatever direction emerged as the most logical/sensible. I was being given the freedom to create and unlock potential.

Once again, I had the trust and support of the person I was reporting to – in this case the CEO. This time I understood the value in this situation and had clarity around what that meant in terms of efficiently reporting what mattered and dealing with that which did not need to be escalated. I had matured in my understanding of my role in a trusting business relationship. This, in turn made me more trusting of those who reported directly to me – but I learned also that some people are not ready for that and require more direct guidance as they had never been given that opportunity in the past.

I understood that structural and process change could be orchestrated quickly and effectively with guidelines, training, communication of the logic and benefits but that this was superficial. The real action and angst is the transitioning of the people – of their expectations, social interactions, respect required, support needs, voice needs, and sense of fairness. I could now see that successful and appropriate process changes along with well supported transitions lead to successful business transformation.

Here the necessary change to keep the business running and improve processes runs alongside the support required for pain-free transitioning of the people. I now knew that just as the researcher in me had reached an understating of the theory long before the practitioner had had a chance to test and embed it in practice – so too the organisational change could proceed at a much faster rate (theory) than the transitional phase (practice).

In this case the initial changes took around 6 months, where more than 2 years later the transition phase was still not complete for some people. Bridges (2002) tells us that to successfully transition we need to go through a distinct ending and
neutral phase before we can accommodate a new beginning. One change on top of another without the time for this healing process can be problematic as one ending has not been dealt with before it is overtaken by another. In many cases this could mean that several waves of change are implemented whilst parts of the population are still coming to terms on a human level with the first. This would undoubtedly make each stage more difficult and add significant stress and conflict to the scenario, unless the people and business were equipped to expect, support and deal with this.

It was at this point that the concept of a ‘change resilience’ characteristic grew as a concept for me, the immersed researcher/practitioner. I could also now envisage that my personal experience of developing a level of resilience to change would be useful if it could be translated to an organisational context. If this could be developed it would mean addressing the sources of stress, misunderstanding, resistance and ensure a readiness to embrace improvements and approach new challenges in a positive way, building strong and supportive social networks with good social capital currency flows, to have a high level of knowledge sharing and intellectual energy, flexible sense-making tools, and much more. Most importantly, this would mean that there would be advantages in moving upstream to address the determinants of social cohesion, of resilience, of stress and other factors inside and outside of the workplace and of social and intellectual capital.

It will be obvious to the reader of the proceeding chapters that this realisation is a juxtaposition of the many parts of the lived experience described in the thesis.

I could not have arrived at this point as a practitioner without the exploration of the worldviews I discovered and developed in my theoretical journey, or the narrative and reflection I explored in my methodological journey and case studies.
From this reflection emerged the concept delivered in the next chapter by way of a contribution to the professional practice on the assumption that change is inevitable at some time in the future for every business no matter how stable.

**Conclusion**

This organisation had the illusion that they could control/manage change processes when I entered. They had designed and implemented a number of what they considered to be logical structural changes over a number of years, and whilst there had been some pain associated they had used external consultants to assist and do any of the ‘dirty or messy’ parts (e.g. negotiate redundancies).

Shortly after I commenced they were surprised to discover that their long-standing, much-loved CEO was ‘abandoning’ them, (that is how his departure was received). Suddenly they were faced with further and unexpected change, and uncertain future and one where the structure was irrelevant (it was unlikely that the organisation would not simply replace the role). They were ill-prepared and uncertain of how to deal with it.

It was an emotionally charged time, and the sadness and grief were openly discussed in a manner which quite possibly accelerated the human ‘transitional’ phase. This was the first organisation I ever worked in where people spoke of commitment to their job in terms of love of the boss or supporting the cause, where people had real, emotionally expressed passion for what they did and this was the source of energy and motivation they drew on daily. This doesn’t mean that I didn’t work with passionate people in other roles – just that it was not often expressed so openly and accepted so readily.

The highly consultative nature of the environment meant that new ‘mind maps’ (Balogun, 2006) were quickly dissolved or re-formulated at frequent gatherings and discussions with staff. Anyone wishing to manage or channel
these needed to be present and vigilant in order to have input or ensure the outcome was positive longer term.

This organisation was still grieving the loss of the CEO some 12 months after his departure, and the incoming CEO was unfairly (but predictably) compared to him, even though he had been employed for a new phase in the business that would be different to the past. This is where the narrative concludes, where there has been staff turnover, some through natural attrition, some precipitated by the evolution of the organisational culture under a new CEO. Inevitably this now becomes the logical starting point for the next wave of significant change.

The impact on the leader of change in this scenario was similar to that of the general population. The highly emotive language and visible mourning had to be mirrored (or at least tolerated and supported) to guide the process in a way that would lead to an appropriate outcome.

As the newest arrival in the management ranks I was the least emotionally invested or engaged and so the role of transition/change leader once again fell to me.
Conclusion of Case Studies 1, 2 and 3

These three case studies have a number of things in common. Firstly they were all precipitated in some way by changes in technology caused by the knowledge environment in which ambiguity and change are constant, and the organisations’ response to it. The dot com example experienced it in a positive way, the pre-press business in a negative way and the public sector agency as part of a necessary catch-up way. Regardless of how we seek to protect our business from outside forces eventually global changes will impact on us – if not in technology in other ways like regulatory change, or new competitors, or substitute products or services, or changes in consumer attitudes and expectations. So change in an organisational context is inevitable, even if only on a small scale (Abrahamson, 2000; Englehardt & Simmons, 2002).

There were also some significant differences, and not just in the size or market of each. The first two cases were dominated by a culture of measurement and management of measurable outcomes whereas case 3 was a culture of aspirational leadership and emotionally-charged objectives with attention to measurement only where it was unavoidable.

Throughout the lived experience of these three case studies my personal worldview has been expanded. If we use the toolkit of frames provided by Bolman & Deal (1997) this can be illustrated in a table (Appendix A).

At the beginning of case 1 I would have considered myself as a practitioner well established in what I have described as the Business Frame. This view has expanded with reflection on the narratives of experience in each of Cases 1, 2 and 3.

In each of the rows representing an important aspect of business you can see an evolution as follows:
**Strategic Planning** – my view has now expanded to include a review of evidence of tangible and intangible value and for including sources of value that are not formally recorded or owned like motivation and skillsets in individuals (Allee, 2000; Hodgson, 1998). I now also understand that if this process consults broadly for input that future implementation is eased by a sense of involvement and buy-in by participants.

**Decision Making** – I would now approach this in a more consultative fashion to enhance the clarity and focus I still value in order to ensure a more fulsome and well-informed basis for decisions transforming experience to learning (Baker et al, 1997).

**Reorganising** – this is now approached with more creativity and courage and is likely to be less about structural solutions and more about uncovering possibilities for re-alignment of a wide range of resources

**Evaluating** – I am now more focused on social sustainability and less about adherence to original plans or objectives at all costs, its now as much about qualitative review and ongoing relevance as it is about quantitative measurements

**Approaching Conflict** – I now expect and accept conflict and am more concerned about its absence as that could be a sign of a lack of engagement. I can now see merit in creating and harnessing conflict and using it as a form of internal advocacy

**Goal Setting** – this has become a challenge in that the mix is more complex, including short and long term perspectives and quantitative and qualitative components as well as a much more dynamic view of the world (and ability to change/adjust regularly without stress) (Fuerer & Chaharbaghi, 1996)
**Communication** – my view of this has undergone an expansion from that of a sales and marketing focus where stories are crafted for distribution to a more complex 2-way process with more sources of contribution including purposeful leaks and tapping gossip (Balogun, 2006)

**Meetings** – are now more interactive, challenging and frequent where the right to contribute is exercised freely. Both formal and informal forums are expected to allow for opportunities to have input, but it may be necessary to establish boundaries to get to any decision-making or conclusions.

**Motivation** – for me this has now become less focused on economic/financial rewards and is more related to individual’s passions and belief systems. In fact a financial approach may have detrimental impact (Rob & Zemsky, 2002).

So how do we capture this expansion and these experiences to make change a positive force and the accompanying transitioning (Bridges, 1996) of the human beings as painless and enabling as possible? These are key questions in the search for sustainability of a competitive advantage and long term survival or an organisation.

These cases are illustrations that offer some clues; they highlight many issues that become obvious on reflection and the follow the growth and awakening of a change practitioner who was impacted by each step in her career as well as the learning journey she undertook simultaneously as the researcher. This is a unique juxtaposition of theory and practice that allows for insights that may not have been articulated otherwise.

The following chapter is a culmination of all that precedes it, it is an attempt to distil the learnings and experience outlined into the beginnings of a useful toolkit for change practitioners whilst outlining the implications for further research and theory development.
6. Lessons Learnt by the Immersed Practitioner

6.1 Introduction

Before we return to the research question there is one other important question that must be asked: “What does this thesis contribute to professional practice?”

We teach our children nursery rhymes and tell them fairy tales from a very young age. The rhymes outline the rules of symmetry, of patterns, beat, language, sounds and are a natural precursor to an appreciation of the structured world. The content is often irrelevant and lost in a previous era, or in some cases makes little sense other than to provide the correct number of syllables and rhymes.

Fairy tales on the other hand serve to illustrate themes like good vs evil, or true love will find a way, along with a successful conclusion in ‘and so they all lived happily ever after’. The characters are not real, they are actors who play the part convincingly so the lesson can be learned.

Business parables in the form of case studies, organisational histories, or training/teaching materials serve the same purpose in a different setting. They provide a ‘safe haven’ to consider human motivations, decision-making, actions and outcomes so that lessons can be learned.

Rae (2004, p145) states that:

“...practical theories of action can be developed from the narrative life stories… bridging the artificial divide between theoretical knowing and practical action”

Dyer & Wilkins (1991, p617) also speak out in support of what they term ‘deep case studies’ with:
The stories in this thesis – that of the journey in theory and methodology in combination with the three deep case studies allow the reader a unique insight and an opportunity to experience vicariously the relationships and ideas presented (Dyer & Wilkins, 1991). They may also serve to suggest that it is reasonable to consider that one’s own ontology may require some expansion, or at the very least that it may differ in some way to that of our employer and that this may be useful to explore.

6.2 Lessons Learnt: The Practitioner Perspective

This thesis began with the assumption that as claimed by Abrahamson (2000), change is inevitable in life and in business, regardless of whether an organisation finds itself in a stable or dynamic marketplace. Change is necessitated in business by a plethora of factors, competitors leave, new ones arrive, change occurs in executive personnel, regulators impose new rules and technology continually evolves. In order to survive business has to re-align its products, services, infrastructure, skill sets and other assets to the new market needs and work once again to distinguish itself from competitors’ offerings (Smith & Saint Onge, 1996).

We can choose to manage the change process, lead the change process or participate in the change process and each one of those choices will impact on us in different ways. For some it will be a minor alteration in perspective or processes adhered to, for others it will bring complete career changes and/or significant changes in worldview. By simply being there when change occurs you will add to your accumulated experience, and this will have an impact on your future attitudes and perspectives, even if subtle and indiscernible at first.
The journey described in the three case studies and, the chapters on theory and ontology, record an uncommon in-depth reflection of me, the practitioner, described in my own words, from my own progressively expanding perspective. It provides a personal, real, and sometimes messy narrative of individual change against a backdrop of organisational change projects. These cases span nearly a decade in my working life and will also therefore be influenced by the passage of time and the natural maturing of the individual in a personal and professional sense.

Of particular note is the ‘awakening’ that was mediated by a realisation of the power of reflection. In traditional business and in traditional scientific disciplines the cycle is more likely to be Plan-Act-Measure-Analyse, and then back to Plan and Act. The replacement of the hard analysis with the broader step of reflection was the key learning for this ontological expansion. This expansion gave me permission to stop rejecting (or at least not incorporating) the enormous amount of qualitative data that surrounded me. When we are immersed in an organisation the quantity of qualitative information can be overwhelming and hard to control, and so we can become even more disciplined in our use of filters if we favour the ‘harder’ and analytical approach to business. This is a mistake and obvious opportunities and/or warning signs can be missed.

The trick (at least for me) was the realisation that since qualitative information defies any type of classification, stability and analysis that I should relax and stop trying to classify and analyse and simply observe, discuss, reflect, feel and experience an expansion of my intuitive business sense. If the continuum of management to leadership could be seen as a see-saw, I was now allowing the balance to be restored allowing weight to be added to the neglected soft leadership end. Balance is the key and so both ends require equal weighting.

While practitioners will bring different perspectives to each challenge, what the experience in this thesis highlights is the validity for an action research approach
to provide insight, the opportunity to learn, the power of reflection, and the potential to broaden worldviews. These combined provide the basis for the development of change resilient individuals and ultimately to lead an organisation to change resilience.

The implications for the question posed for this research can be illustrated in the following diagram.

**Figure 6.1 - Aligning the Research Model to Organisational Practice**

This model indicates the parallel relationships between Ontology-Epistemology-Practice in a research context, and Worldview/Paradigms – Knowledge-Doing in an organisational practice context. It acknowledges that organisational knowing and doing will be affected by the context (paradigm) in which the organisations exists. This paradigm represents an ontology in the research context. At the highest level it will be simplistic and in a capitalist-driven society mostly positivist, seeking definitive answers and testable ‘truths’ upon which to base decisions. A trusted employee chosen to lead a change project is likely to have demonstrated a knowledge and alignment to the dominant paradigm, as outlined in Case Study 2.

However, within any organisation there can be many individual and collective ontologies. This can be a source of stress, conflict, or value depending on how it is captured, and articulated in an organisational context. What the organisation
does (its practice) is determined by this knowledge (epistemology) with this in turn set by the boundaries of its underlying paradigm (ontology).

When change is required the organisation has effectively determined that it needs to do things differently, or do different things. Business planning processes then focus on the knowledge that exists or can be collected to support the plans to adjust the doing.

While this model does present the opportunity to place knowing and doing within context it is still limited by the assumption of a simple linear and sequential relationship. It does not recognise that paradigms (ontologies) can expand or change significantly in a relatively short period of time. Without this last process, organisations are destined to continue to work with a limited view of the known world and to potentially repeat mistakes or experience and achieve less than optimal outcomes.

As shown in this thesis, the change leader immersed in the social fabric will quickly realise that there are many co-existing ontologies in the workforce with a wide variety of alignment or otherwise to the overarching organisational worldview. In Case Study 1 the organisation was in a start-up state and so the ontology was being shaped by the collective from the outset. This lead to a relatively homogeneous mix, an advantage not realised until later. In Case Study 2 there was a significant and visible clash of organisational worldviews as one organisation attempted to ‘colonise’ the other, making this change process challenging. In Case Study 3 I was employed as the change manager explicitly to bring a different worldview to the organisation in an attempt to influence the population from the inside by challenging their existing policies and practice and offering expansion by demonstration. All these personal and organisational ontologies were dynamic, changing with every interaction and observation.

The experience for me in this thesis can be represented with a cyclical representation of knowledge as a continuous flow through a cycle of learning in
which *doing* is followed by *reflection* that either supports or challenges the current ontology. This in turn determines whether there is a motivation to expand knowledge by shifting or refining the existing *worldview* and leads to potential challenges to current practice and thence to new *knowledge*. This is illustrated in Figure 6.2.

*Figure 6.2 - Cycle of Learning*

On reflection I came to this research study as a scientist and the ontological journey described in a previous chapter was not without its challenges, intellectually and emotionally. The change was unexpected and influenced how I perceived the world, how I acted, and how I interacted with others in different setting. For this immersed practitioner these changes went well beyond the normal evolution of the professional persona over the passage of time and experience. While it cannot be said with certainty that the exact experience of this immersed practitioner will translate to others, this experience does highlight the challenges both personal and organisational that change practitioners face when embarking on a new change project.

I eventually came to appreciate that what I understood to be acceptable knowledge (my epistemology) was not the only knowledge available. I could
either expand my acceptance of this new knowledge, personally, or heed the advice of those who understood it, and how to use it. I chose the former and sought to use my knowledge from one discipline to help to understand another. While either choice is valid the importance is that change managers understand that the choice is available.

The business practices of the organisations discussed in these case studies did include an evaluation phase that could, in theory lead to a change in the knowledge (epistemology). However, it rarely resulted in a questioning of the fundamental paradigm within which the organisation was planning. This may well be due to the inherent limitations in the data collection systems employed. Consequently, individuals may find themselves out of sync as their own worldview expands in light of new information whilst that of the organisation remains static or updates at a much slower pace awaiting the valid source of well-researched data-proof.

In the cases outlined here, this was demonstrated during times of change where the decision-making (which path to take, what processes to re-engineer, what staff to retrench) was based in the existing organisational paradigm. As a result the associated change program rejected valuable information and continue to make future decisions on only the information which aligned to the worldview, rejecting any information that conflicted. This is where the immersed, intelligent and flexible change leader, who is progressing rapidly through cycles of learning, can find themselves at odds with the overarching decision-makers, unless of course they are part of that power coalition as recommended by Kotter (1995) and have significant influencing power at the highest level of the organisation (as in Case Study 1).

Of further value is the observation in this thesis and the literature (Smith & Saint Onge, 1996; Beinhocker, 1999; Abrahamson, 2000) that the world is changing continuously and so managing and leading change driven by either internal or external forces is no longer just the realm of a specialised practitioner. This is a
challenge for every manager and every leader in business today, and therefore the observations and learnings in this thesis have broad implications and utility.

In summary, the contributions of this thesis to professional practice is that by extrapolation, if organisations continue to reject knowledge that does not align with their hard worldviews they will (a) continue to be less effective in their doing and (b) lose good people (and value) who have expanded ontologies and find themselves misaligned in immeasurable ways.

6.3 Lessons Learnt: The Researcher Perspective

The preceding chapters have outlined my journey from this positivist end of the ontology continuum to the interpretivist end, but not as a rejection of my origins as a scientist and business practitioner, rather as an expansion of these.

The research approach described as dynamic abductive pragmatism offered a freedom I had never before experienced. The dynamic nature was demonstrated in the researcher’s development and expanded worldview over the course of the three case studies. The abductive approach is in the essence of the realities constructed for the purposes of an engaging narrative populated with actors demonstrating motivation and depth. Pragmatism is demonstrated in the human, emotional messiness of learning by mistakes and experience and reflecting as honestly as possible on ‘what works’ in social interactions.

The understanding I reached was that as a change leader I needed to be able to work at either extreme or at any point along this continuum. This requires a skill set and perspective which is in fact valuable, rare, inimitable and non-substitutable (VRIN), a potential source of competitive advantage (Barney 1991), and so something that would be useful to teach to others. If this expanded view of the world of business produced insights for me as a practitioner it may do the
same for others. If this is the case, then how do we ensure future practitioners gain the benefits?

Kotter (1990) tells us that good management is about bringing order and consistency to an organisation by defining the rules around processes and measures of success, it is about dealing with the complexity of modern organisations (even more true nearly 20 years on). Leadership, on the other hand is about coping with change. He uses the analogy of an army in peacetime versus one at war. In peace there is a need for good processes, good discipline, clarity around expectations and an isolated inspirational leader, remotely located and seldom seen is appropriate. In times of war however, change and chaos are the norm and leadership is required in the trenches. Both management and leadership are essential, but their individual importance changes with circumstances.

The research presented in this thesis suggests that exploiting the point of intersection of the two worldviews of management and leadership – the actions and the settings in which they should be executed to best effect, provides an enormous opportunity to bridge the Knowing Doing Gap (Pfeffer and Sutton 2000) by providing convergence of different types of knowledge and perspectives for a common aim.

6.4 Lessons Learnt: The Organisational Perspective

In this thesis multiple continuums have been presented to assist in the illustration of conflicting and contrasting worldviews found in the researcher’s experience of Australian business today. These emerged from the observations, reflections, and actions of a single researcher across three lived-experience case studies. These will be only the tip of the iceberg, but are useful as a starting point for debate and discussion.
The perspectives are outlined in the table below:

**Figure 6.3 – Multiple continuums**

<table>
<thead>
<tr>
<th>Continuum</th>
<th>Extreme position views/perspectives</th>
<th>Alternate position views/perspectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>• Importance of tangible assets</td>
<td>• Importance of intangible assets</td>
</tr>
<tr>
<td></td>
<td>• Static and clear ownership rights exist</td>
<td>• Ownership rights are dynamic and not clear</td>
</tr>
<tr>
<td>2</td>
<td>• Knowledge is a tangible asset</td>
<td>• Knowledge is a social interaction</td>
</tr>
<tr>
<td>3</td>
<td>• Cause and effect is clear</td>
<td>• Causal ambiguity and uncertainty are the norm</td>
</tr>
<tr>
<td></td>
<td>• Predictability and reproducibility is important</td>
<td>• Predictability gives way to probability</td>
</tr>
<tr>
<td></td>
<td>• Big Picture perspective</td>
<td>• Sub-atomic/small scale perspective is necessary</td>
</tr>
<tr>
<td></td>
<td>• Everything important is measurable</td>
<td>• Many important things are difficult to measure</td>
</tr>
<tr>
<td></td>
<td>• Progress or otherwise is visible to average person (obvious)</td>
<td>• Many important things are invisible to average person</td>
</tr>
<tr>
<td>4</td>
<td>• Reality is a concrete structure</td>
<td>• Reality is a social construction</td>
</tr>
<tr>
<td></td>
<td>• Reality is a concrete process</td>
<td>• Reality is a projection of human imagination</td>
</tr>
<tr>
<td>5</td>
<td>• Collecting data is important</td>
<td>• Reviewing meaning is important</td>
</tr>
<tr>
<td>6</td>
<td>• Mindset is rational</td>
<td>• Mindset is intuitive</td>
</tr>
<tr>
<td></td>
<td>• Everything of importance is explicit</td>
<td>• Many important things are tacit</td>
</tr>
<tr>
<td></td>
<td>• Standard measures are used for benchmarking</td>
<td>• Measurement is not important, benchmarking is irrelevant</td>
</tr>
</tbody>
</table>

The left hand column in this table is the comfortable world of management and measurement. This perspective allows us to compare where we are today with yesterday, or last month or last year. This is where we get our sense of progress and success. These are the perspectives we reward because it is obvious if they are being adhered to or improved.
When times are stable this is the perspective that provides us with the illusion of control over the ‘Big Picture’, where minor details get averaged out or become less important.

When something significant threatens our progress or the very existence of our organisation, such as new competitors, new technologies, financial market meltdown etc, we often focus and try harder to manage and measure the same things (Kotter, 1990).

However, the journey taken in this thesis from the typical hard management practice (Stace & Dunphy, 2001) shown in the left hand column, to the realisation that at least some of the clues and strategies may lie in the soft, leadership perspective of the right hand column, should aid to broaden our views. Case Study 2 is an example of a change process dominated by the hard approach, Case Study 3 was dominated by the soft approach. Case Study 1 is an example of a mix of both hard and soft approaches.

This research suggests that organisations which combine both ends of the continuums in quantities appropriate to their culture, their resources and their long term objectives will have a greater selection of tools, perspectives, strategies, and future possibilities at their disposal then their competitors.

This is the new framework for the change leader of today. Firstly, understanding that every organisation has a worldview which determines their actions, their policies, what they will accept and reject as useful information which in turn determines their likely initial strategies for change. Secondly, understanding that this worldview can be considered as one point on a continuum of perspectives, and that careful exploration of other worldviews may lead to better informed strategies and therefore more successful outcomes.

The new skill required is that of facilitation and guiding the organisation on the journey of ontological expansion.
6.5 Implications for Future Research

The emerging concept of ‘change resilience’ needs to be further developed, as does the translation of sense-making tools across disciplines. The example followed in this thesis is how the language of the physical sciences can be used to describe the characteristics of business, in particular business change.

Palmer & Dunford (1996) outline how conflicting ontologies and epistemologies lead to differing views on the use and types of metaphors that are effective in business and in particular how they should be used in organisational change. This presupposes that metaphors have utility in business. Allee (1997) extends this further and suggests we should be using whatever symbolic language tools we can suggesting that stories and even poetry are feasible. Denning (2007, pg155) suggest that the best metaphors are subtly effective and they can ‘shine a light into darkness and ignite their listener’s minds with celestial fire’.

The metaphors we use are not accidental and reflect our personal worldviews and experience (our personal ontologies and epistemologies). Throughout this thesis I have frequently chosen to use a physics analogy to illuminate a concept, perhaps because it is relatively unique and under-utilised in business and will therefore bring with it less confusion. This, of course, is my particular area of comfort and something relatively new I can contribute to professional practice.

Ideally these could be utilised to develop an overarching Meta-Frame (moving beyond the frame expansion outlined in Appendix A). This could result in a useful toolkit incorporating both a hard and soft approach to change planning on either an evolutionary or revolutionary scale or a mix of both.
In addition such a Meta-Frame would be conceptual and flexible enough to allow for lower level concepts to co-exist such as Bolman & Deal's (1997) four frames as well as others. Its utility would be in its ability to span all of the continuums in this thesis, and allow for tuning the position for the challenges at hand, like one large mixing panel in a recoding studio giving us a harmonious result.

A Meta-Frame of this type would not require every practitioner to expand their ontology overnight, but would outline the validity and necessity for including different perspectives and would give ‘permission’ for different types of practitioners to work together from positions of equal validity, accepting that others have knowledge in the context of a different ontology. This approach may provide significant insight into closing the gap between action and knowledge commonly seen (Pfeffer and Sutton 2000).

Further case studies would assist in continuing expansion and testing of this concept of a Meta-Frame and explore the practical challenges of cross-disciplinary sense-making.

Change can sometimes be discontinuous, radical and disruptive, but it does not have to always be a negative or painful experience for those involved at any level. Practice in this case will not make perfect, but it may make resilient and that is a far more useful and rewarding endgame.

6.6 Conclusion

In conclusion we should re-visit the original question

“What is the impact of change on a leader of change?”

In this thesis the impact on the individual was enormous, multi-faceted, expansive and, to the researcher, surprising. For others the results may be quite
different, and, to return to the concept of a continuum one final time there are a range of possible starting points and impacts stretching across the spectrum from minor to major. The findings of this research suggest that the change practitioner themselves may, on reflection, change where they place any single change project on the continuum of impact. As is consistent in physics, perceptions adjust through relativity. The impact on our worldview and motivation for future projects will be lasting.

The process of immersion of the change practitioner in the change process leads to the need to renegotiate the socially constructed reality which is shared between participants in the change process. It will require a psychological process of transition and it will be affected by the accumulation of further experience and knowledge.

The impact will be that the leader of change becomes attuned to the language, the history, the emotions and the needs of the workforce. At the very least, they will experience an expansion of their worldview. That is likely to stimulate further cycles of learning as less information is filtered and more gets through the framed perspective. This in turn will lead to a more fully informed reflective approach, and a continuous spiral of ontological expansion.

In summary a leader of change, in the current flexible, fast-changing and ambiguous world of continuous change, must learn to realise and span the various continuums presented throughout this thesis if they are to be successful. If they are managers they must learn to also become leaders focusing on the less measurable, messier, more chaotic world of the population transitioning in response to the change happening around them.

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Appendix A

The following pages illustrate the frame expansion of the researcher throughout the three case studies presented.
<table>
<thead>
<tr>
<th>PROCESS</th>
<th>BUSINESS FRAME</th>
<th>DOT COM FRAME</th>
<th>BUSINESS TRANSFORMATION FRAME</th>
<th>CONSULTATIVE FRAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Planning</td>
<td>Expanding beyond the evidence on-hand and starting to ask the 'what if?' questions to drive broader discussion and possible expansion of assumptions (focus on creative gap-filling)</td>
<td>Focus on competitors (other modes as well as other players), establishing clear points of difference and driving the value of these differences hard in the market place before advantage is lost. Setting the pace for others</td>
<td>Developing an understanding of where the intangible value lies in a business – what cannot be packaged for selling or what cannot be listed on the asset register and so what can never be duplicated by competitors (and may not even be clearly understood by the business itself)</td>
<td>Develops in a process of consultation and consensus – when profit is not the aim can be difficult to find that single focus. Be prepared for this to take more time than expected</td>
</tr>
<tr>
<td>Decision-Making</td>
<td>Logic-driven but including contingency in case logic is flawed</td>
<td>Devolved autonomy for fast decision making in response to immediate demands in dynamic environments, but in line with clear objectives</td>
<td>Even with clear objectives the complexity of the scenario has to be understood more fully and this can only be achieved by consultation and observation (immersed observation)</td>
<td>Process is slowed by consultation but this can lead to more considered and well-informed conclusion</td>
</tr>
<tr>
<td>Reorganising</td>
<td>More creative approach to creating new value rather than following predictable paths</td>
<td>Dynamic re-alignment with continuous change in technology and responses to these changes</td>
<td>This can be revolution not evolution. Needs consideration of discontinuous alignment to allow greater freedom from old modes of doing business – new categories of resources need to be considered (relationships, loyalty, history, brands etc)</td>
<td>Formal structural change seems to be of less concern than consolidating and growing social networks and transitioning people. Though some stresses can emerge if there is a perception of unfairness in status or rewards</td>
</tr>
<tr>
<td>PROCESS</td>
<td>BUSINESS FRAME</td>
<td>DOT COM FRAME</td>
<td>BUSINESS TRANSFORMATION FRAME</td>
<td>CONSULTATIVE FRAME</td>
</tr>
<tr>
<td>---------</td>
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<td>-------------------</td>
</tr>
<tr>
<td>Evaluating</td>
<td>Maintain clear objectives but allow for variations in methods – consider other disciplines as desirable source of learning opportunities</td>
<td>Maintain clear objectives but allow for variations in methods depending on circumstances, evaluate as much against starting objectives as against impact in market place</td>
<td>Measurement objectives need to consider a degree of evolution from starting point rather than against pre-set objectives as these will almost certainly be invalid quickly after commencement due to dynamics of change process – except for the purely mechanical/analytical. Flexibility and less prescriptive objectives are required</td>
<td>Evaluation must also account for qualitative measures which can be lacking in clarity or difficult to measure, or without agreement of meaning. More focus on sustainability than on short-term review.</td>
</tr>
<tr>
<td>Approaching Conflict</td>
<td>Invite creative conflict where there is no clarity around right or wrong, just possibilities. Learn how to agree to disagree</td>
<td>Expect conflict when driving new concepts and technologies – consider it a source of energy to be harnessed</td>
<td>Conflict is necessary and an expected part of process – where it is not occurring engagement is not happening. Accept that there may not be a real solution to offer or to work to, and only an interim compromise may be the best outcome</td>
<td>Conflict is real, expected, ever present and used as a source of energy. Intellectual debate is a particularly important aspect which is often created purposely to enhance consultative process and internal debate.</td>
</tr>
<tr>
<td>Goal Setting</td>
<td>Also includes complementary goals associated with more qualitative approaches</td>
<td>Micro goal setting in line with main strategies but evolving as required as individuals and as teams</td>
<td>Goal setting can be confusing and counter-productive as it can be (a) a source of negative conflict, (b) a source of false expectations and (c) based on incomplete information if done too early. Micro goals are better option reserved for small groups of micro projects</td>
<td>As measurement is often qualitative and strategy development less focused this area is quite problematic – hard to find the right mix of short &amp; long term, with qualitative and quantitative measures – may have to resort to high level goals open for interpretation in dynamic environments</td>
</tr>
<tr>
<td>Process</td>
<td>Business Frame</td>
<td>Dot Com Frame</td>
<td>Business Transformation Frame</td>
<td>Consultative Frame</td>
</tr>
<tr>
<td>---------</td>
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<td>-----------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Communication</td>
<td>Complement with simple language and emotional content to drive passion as a source of energy</td>
<td>Drive the new jargon quickly – fads need to be created, developed, tapped and jettisoned with speed</td>
<td>Requires real cultural sensitivity and immersion in the business. Informal discussions and purposeful ‘leaks’ have more impact that formal communications internally. The latter is more important for external parties such as customers</td>
<td>Become a 2-way process, where voice is allowed to all, true equality in contribution means added complexity in message as all contributions have validity. Important part of collective sense-making</td>
</tr>
<tr>
<td>Meetings</td>
<td>Nexus of knowledge, place to exchange ideas and experience sometimes with no short-term tangible outcomes</td>
<td>Do not require physical presence can be done synchronously or asynchronously and everyone needs to learn how to deal without usual body language cues</td>
<td>Informal must be mixed with formal regardless of types of meetings. They must always be respectful of cultural norms and be respectful of informal power bases. They must always have a purpose when change is superimposed over expectation of business as usual</td>
<td>Challenging to chair, as expectation of contribution even if participant uninformed. Sometimes overly formal processes required to keep to time limits.</td>
</tr>
<tr>
<td>Motivation</td>
<td>Still economic, but also includes opportunities to learn and test new ideas</td>
<td>Still economic, but also creative and the opportunity to work at the leading edge</td>
<td>Likely to be compromised in more difficult scenario – requires a knowledge of history to understand how to restore it, greater value may be placed in things other than economic reward. In fact economic drivers may be counter-productive under stressful circumstances. Other influences (external to business) should also be considered</td>
<td>Mix of collective and individual, with limited budget must be found in places other than financial reward systems – so can lead to challenge of ‘passion management’ where people join for a cause and lose sight of logic and limitations</td>
</tr>
</tbody>
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