



DELIVERING PROJECT VALUE

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Nine thought-provoking articles to help you get value from your projects.

Gary Lloyd

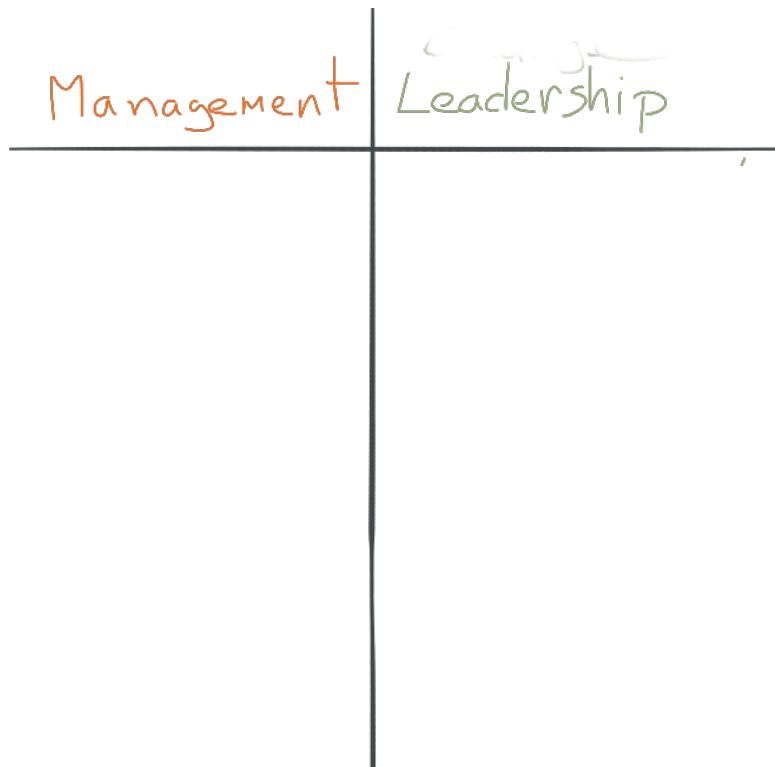
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IS CHANGE MANAGEMENT WRONG-HEADED?

Try this exercise.

Take a piece of paper and draw a line down the middle, dividing it into two columns. At the top of the left-hand column write the word *Management* and in the right-hand column write the word *Leadership*.



Now, under each heading write down the words you associate with each. If you are on the move, just close your eyes and draw it in your head.

In all probability, you will have been asked to do something similar before, perhaps in some management training or education class? And the list will probably look something like the one below.

Management	Leadership
Control	Empowerment
Plans	Shared Vision
Numbers	Needs
Procedures	Values
Structure	Adaptation
Roles+Resps	Coalitions
Risks	Opportunities
Exceptions	Learning

This is pretty standard stuff. And there's usually a debate about whether management or leadership is most important? Or whether there is any point in having one without the other?

But there is also, usually, broad agreement that it is *leadership* that propels an organisation forward and it is leadership which is often lacking in challenging situations within organisations.

To clarify, by leadership, I do not mean a single enlightened despot as hero. The reason for the picture of the All Blacks, the New Zealand rugby team, at the top of the page is because they exemplify what it is to have **a team leaders**...and in case you didn't hear, the All Blacks are the only team to win the world cup twice in a row and they are the most successful international sports team in history.

With the exception of the captain, the All Blacks team of leaders don't have formal titles. The leaders are simply those individuals that others look to for guidance and advice, in certain situations, because they have proved, time and time again, to be a person whose judgement can be trusted.

So when I say leadership, I am referring to leadership at all levels of an organisation, including informal leadership, as much as formal leadership from authority figures.

So what does this have to do with Change Management?

Well, let's add the word "change" to each of the columns from the exercise above.

Change Management	Change Leadership
Control	Empowerment
Plans	Shared Vision
Numbers	Needs
Procedures	Values
Structure	Adaptation
Roles+Resps	Coalitions
Risks	Opportunities
Exceptions	Learning

The words we choose, trigger a large network of subconscious associations. These, in turn, frame our view and set a boundary around our possible actions, without us really noticing.

So the problem with talking in terms of *change management* is that it may lead us into a machine mindset, of predictable outcomes, where the key task is to plan and control. This has not worked well in the past and will do so even less so in the future.

I am not suggesting that experienced change practitioners who talk about change management are excluding the list in the right-hand column. But the language that we use shapes the actions of others, as it is handed on.

So, if you believe that organisational change needs gardeners not mechanics then choose your language carefully and put change leadership on the map.

HOW TO AVOID POOR PROJECT FRAMING

When I wrote the original version of this article, there was a news report saying that thousands of migrants were drowning the Mediterranean Sea.

The cause, said the report, was that the European Union had reduced funding for search and rescue operations. Funding had been scaled back because it had been argued that well-funded search and rescue encouraged migrants to take to the high-seas in the expectation of a quick rescue, leading to a safe haven in Europe.

*“How should the European Union respond to the problem?”
asked the report.*

The way that we frame a problem determines the range of solutions that we generate. Frames are useful. We use them all of the time, often unconsciously, to simplify complexity and guide decision-making. But we also need to take care when addressing important, complex problems because, by their nature, frames put a boundary around our view of reality. In addition, as politicians and advertisers well know, once they are in place, frames often appear to be complete and are difficult to shake off.

A frame begins with the language that we use to describe something. When we hear just a single word, our subconscious fires up an unconscious web of connected associations and “stereotypes”. The word “migrants”, for example, often conjures associations around “economic migration”. But if the news report had said “refugees”, our minds would fire up different associations: people taking refuge from war, for example.

In the time that has elapsed since I wrote the original article, the press and politicians have indeed started to use the term “refugees” a lot more. The “migrant crisis” has become the “refugee crisis”.

Is it a coincidence that the change of language has been accompanied by direct, well-publicised action by the public to help “refugees”, accompanied by public pressure on European governments to help?

In my view it is that this is one of the clearest examples one could have of re-framing resulting in a different pattern of thought and consequent action.

As a side-note, notice that although the word “stereotype” has a negative connotation, our minds constantly sift what we experience into categories, assigning them attributes such as good or bad. Evolution has taught us that categories named “lions” and “sheep” are more useful than “four-legged animals”. And the language that we use describe categories is a key part of framing.

There is a great clip of Jony Ive, Apple’s Chief Design Officer, on the UK children’s programme, Blue Peter. The presenter tells Ive that the viewers have been submitting entries to a design challenge to come up with a “combined lunchbox, school bag and pencil case, all in one”. He asks Ive how he would have gone about that challenge.



“We’d be really careful about not using the word box, to already give you a bunch of ideas that could be quite narrow,” says Ive, “so we’re quite careful with the words we use because these can sort of determine the path that you go down”.

So when we are starting a new project, we need to take care not frame the project's purpose in a way that restricts the range of solutions that we can create.

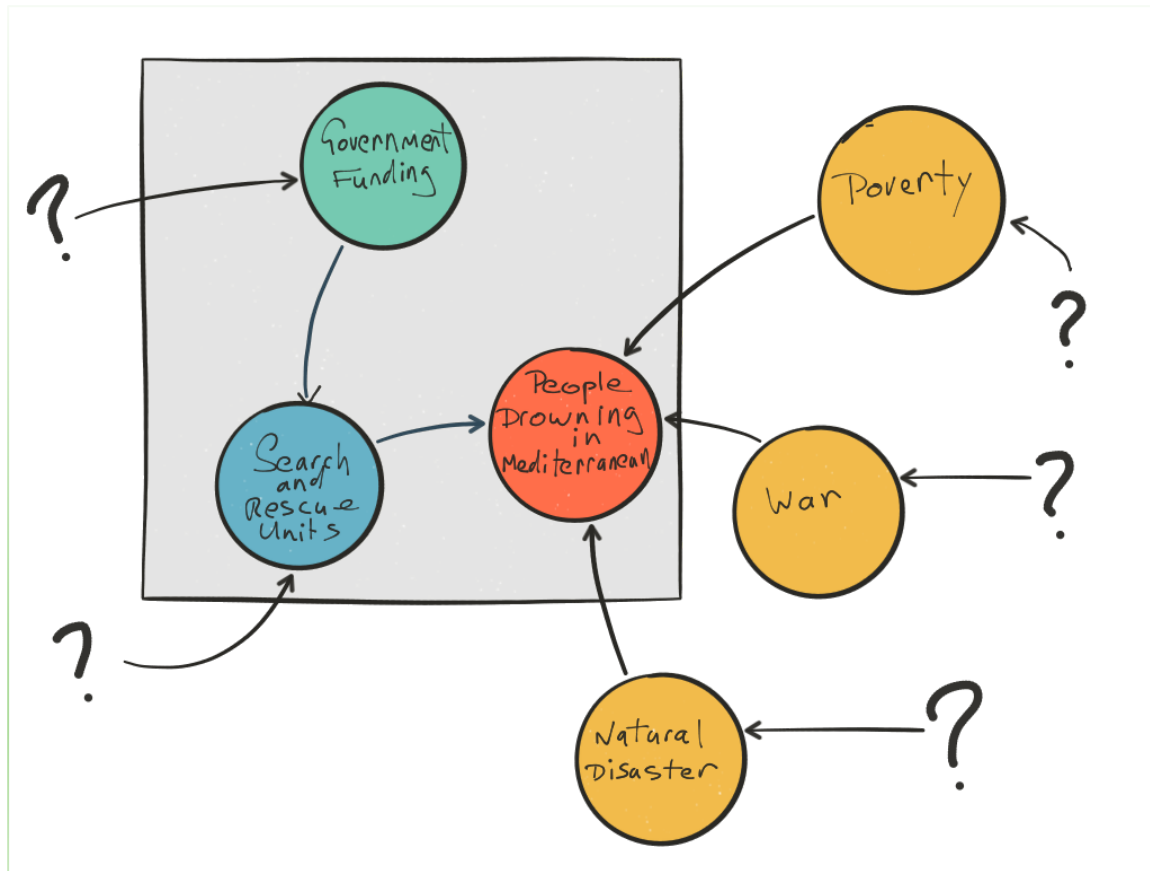
The first step is to be aware that framing effects are in play and to have a designer's heightened awareness of their existence. Remember that good design is as much about generating a wide range of solutions, as it is about perfecting the chosen solution.

The second step is to look at the language and perspective we are using:

- Do the words reflect a particular perspective or stereotype?
- What implicit associations do the words have?
- What alternative words could we use?
- What alternative perspectives could we use?

The third step is to actively look for what is outside the frame and how it interacts with what is inside. Returning to the news report, we began with, we see that the frame that was all about search and rescue and funding.

But if we look outside the border of the frame, we may find other contributory factors. And each of those contributory factors may have, in turn, a complex network of cause, effect and feedback loops.



And no matter how simple these connections might appear, drawing them, as I have done above, is really useful because drawing it out engages different neural circuitry to just thinking about it, in our heads. It also makes it easy to share and explore as a team.

So, if we want to find sustainable solutions for our projects, there are three steps that we can take:

1. Be aware that framing effects are in play
2. Actively seek out different frames using different language and perspectives
3. Describe what is outside the frame to understand the full complexity of the situation

And if you cannot find the frame in the first place then you are likely to be stuck in a well-established frame that you need to work harder to break out of.

WHAT PROJECTS CAN LEARN FROM WEST POINT ACADEMY

Colonel Tom Kolditz, head of behavioural science, at West Point, the elite US military academy, tells his students:



"No battle plan survives contact with the enemy."

He is quoting Field Marshall Helmuth Carl Bernard Graf von Moltke, head of the Prussian army for thirty years, from 1857.

He explains:

"Over time we've come to understand more and more what makes people successful in complex operations. You may start off trying to fight your plan but the enemy gets a vote. Unpredictable things happen".

So in the 1980's, West Point invented the concept of the *Commander's Intent*. The *Commander's Intent* appears at the top of every order. It uses simple, jargon-free language to set out a plan's goal and, critically, the intended "end-state" of an operation.

Note, they have not abandoned planning as a valuable thinking process, in advance of an operation. They just don't expect to be able to follow it once battle commences. In practice, plans are constantly adapted and, if necessary, abandoned altogether if they aren't going to deliver the Commander's Intent.

Large projects might not be quite as chaotic or fast-moving as a battle but most project plans suffer from the same types of weaknesses as battle plans.

Projects need the equivalent of a *Commander's Intent*. Something that guides the action of everyone on the project, no matter how far removed they are from the "commander". They need something that helps to avoid the familiar accumulation of small, disconnected decisions, that take the project somewhere other than intended.

The foundation stone of that "something" is to clearly define and communicate the problem to be solved by the project. And that's good, as far as it goes. But it only describes how the world is now and what is unsatisfactory about it. It doesn't describe what Kolditz calls the "end-state".

As a project is, hopefully, a bit less hectic than a battle, we can invest some time to create an end-state description that is both simple and memorable - *a shared project vision*.

A shared vision brings a project's end-state to life. It describes what the world will be like after the project has been delivered. It describes the benefits that people will see, hear and feel. The more that it goes beyond a static picture and engages senses and emotions, the more memorable and compelling it will be. A good vision acts as the True North for a project team.

In his seminal book, *The Fifth Discipline*, Peter Senge writes:

A vision is truly shared when you and I have a similar picture and are committed to one another having it, not just each of us, individually, having it. When people truly share a vision they are they are connected, bound together by a common aspiration.

For a project, a shared vision:

- describes the outcome that the project is seeking to achieve;
- engages customers and stakeholders in its creation and delivery;
- acts as a basis for generating alternative solutions;
- guides the actions of the project throughout the project.

In February 1979, Akio Morita, the co-founder and chairman of Sony, called together a group of young engineers at Sony headquarters. He held up a primitive prototype cobbled together from existing and parts.

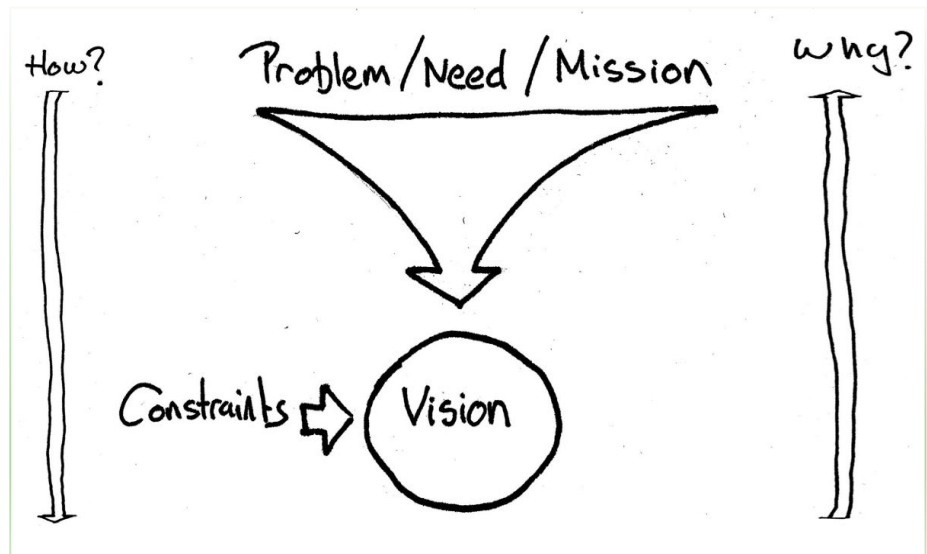
“This is the product that will satisfy those young people who want to listen to music all day. They’ll take it everywhere with them, and they won’t care about record functions. If we put a playback-only headphone stereo like this on the market, it’ll be a hit. ‘Our target market is students and other young people. We must launch it before the summer vacation at a price similar to the Pressman, which means less than 40,000 yen”.

He had described the shared project vision for the Sony Walkman. It served as the commander’s intent for every design, manufacturing, marketing and sales decision that followed.

It's important to note that the vision contains a number of constraints, such as price, portability and time to delivery. As we move from problem definition to vision, we are already moving into the realm of solution. We are moving from what is wanted to how it will be delivered.

At the vision stage of a project we prefer to have as few the constraints as possible. This gives designers the greatest freedom possible to generate alternative solutions. Morita, could simply have set out a vision to create a mobile music player,

without specifying constraints. Perhaps we would have had something different to the Walkman?



In reality, however, there isn't a linear progression from problem to vision, it's an iterative process, exploring trade-offs. There are invariably constraints that are set as part of that process.

Also, it may be necessary to introduce constraints at this early stage because the problem space is so large that some constraints are needed to create a viable project.

For example, EWW, is a division of Relief International. It's mission is to raise the living standards in developing countries by increasing access to technology and providing entrepreneurial opportunities for local people. That's a pretty big problem space. Individual projects have to be narrower, more constrained.

Dirty water and poor sanitation cause 1.5 million deaths per year, so EWV decided to limit one of its projects to that "water needs".

This is still a huge problem to solve, so it decided to constrain the project to drinking water. After reviewing previous drinking water initiatives, it constrained the problem further to rainwater harvesting.



And finally, because of its mission, it constrained the problem further still by insisting that it had to be possible for the solution to be manufactured by local entrepreneurs.

So we end up with a vision that says something like:

Households that are self-sufficient in safe drinking water, harvested from rain water, stored close by, avoiding the need to travel long distances, using collection and storage devices that can be manufactured and sold by local entrepreneurs.

There are quite a few constraints in that vision but there is still a very wide range of solution choices possible to achieve the vision.

The important thing about constraints is that they are applied knowingly and made explicit. As we'll see in the next article, constraints play can a major role, as a thinking tool, at the solution generation stage.

But back to the topic a shared project vision. Think about your most important project and ask yourself:

what is guiding decision making on my project?

Is it a clear, engaging vision that people can recall at will? Or is it something buried in pages and pages of documentation?

If it's the latter, you probably need to get yourself a shared project vision, before it's too late!

IS YOUR PROJECT SPONSOR IN THE AUDIENCE OR ON THE STAGE?

Delivering regular, useable business value delivery is the only sure-fire way of knowing how a project is progressing. Realistically, however, there could be a few months between each value delivery. So, what can one do, between deliveries, to determine whether the project is on course?

I recommend a regular meeting, chaired by the project sponsor, to review:

- Project progress and trajectory versus the business case summary.
- Key risks that were not included in the business case summary.
- Expenditure versus budget and progress versus schedule, using earned value analysis.
- Key issues arising that are not covered already by the above points.

Sponsors should chair, rather than simply attend, because this puts them in the driving seat, asking questions and seeking information.

This is a role that most senior people are good at and usually relish. All too often, however, the sponsor leaves it to the project manager to chair and the sponsor becomes part of the audience, rather than the leading actor.



If the project sponsor is unable or unwilling to chair these meetings, they are either too senior for the role or they are sending a clear message to everyone that the project is unimportant to them. Organisations that want to get value from their projects, need to appoint sponsors who have the time and confidence to take an active role.

If a senior person is not going to have time to fulfil his or her role in the project properly, it is better to appoint someone more junior who will be fully engaged. However, this will only work if the person appointed as sponsor is empowered to make decisions that are not second-guessed later. If the person nominated as sponsor has to continually check with someone 'upstairs', he or she will not be effective in the role or taken seriously by the project team.



Appointing someone more junior does carry the risk that the sponsor is not regarded as a peer by other senior stakeholders, making influencing and persuading a greater challenge. On balance, however, it is better to have a more junior and fully engaged sponsor than one who is disconnected and drifts in and out.

An approach that I have seen work with a more junior-ranking sponsor is to provide support from a more senior 'project owner' who can help with stakeholder management, as required. The 'project owner' is analogous to the company chairman and the 'sponsor' to the CEO. But at the risk of repeating myself, there is no point in adopting this approach if the 'owner' is seen as the 'the real project sponsor'. The test of this is whether the sponsor is empowered to make decisions that stick. But like a good CEO, he or she is likely to consult with the chairman when there are particularly big decisions to make.

The central purpose of the regular "steering" meeting is to take decisions and assign responsibility for actions that address matters arising from the agenda. Assigning responsibility and a time-frame for action is absolutely critical. I have frequently seen senior people make decisions in meetings only to be surprised that nothing happens as a consequence. Follow through is essential.

The frequency of the meetings should be determined by the value, risk and urgency of the project. If these are sufficiently high, a weekly meeting might be appropriate. I have often seen this happen in small organisations and start-ups where the business owners want to be closely involved in the project, particularly in the early stages.

In my experience, however, projects usually fall into two main categories, with some grey territory in between. There are large projects of six months or more that establish monthly steering meetings and there are projects of 12 weeks or less that establish a fortnightly or weekly steering meeting.

But don't just slip into these familiar routines. Think about the mix of value, risk and urgency. How important is the project to the sponsor and how often does his or her hands need to be on the steering wheel? There is nothing that says that the lunar cycle should determine the frequency of project steering meetings.

This may all sound pretty obvious but The National Audit Office's report into the UK government's £2.4bn, high-profile, Universal Credit Programme concluded that:

"the [programme] board relied on external reviews to assess progress. Such external reviews were not sufficiently frequent for the board to use them as a substitute for timely, adequate management information".

When all is said and done, effective business leadership remains the number one determinant of project success.

WHY IT-BASED PROJECTS SHOULD EMBRACE DESIGN THINKING

If one wants to see the power of Design Thinking, then one needs to look no further than the most valuable company in history (in terms of market capitalisation). Whether or not you like Apple or their products, you cannot deny their success nor the passion...yes passion...of their customers. Apple seem to maintain the paradox of being wildly successful and at the same time still appearing hip or even esoteric.

Apple is driven by Design Thinking and supported by world-leading marketing. How do they do it? The starting point for Apple is not a requirements list, or a list of functions and features. Apple's starting point is emotion and the customer experience.

There is an Apple video where the commentary says:

“The first thing we ask, is what do we want people to feel?”



And it's not limited to the products, as anyone who has opened a box containing an Apple product will know. And what about those huge retail stores, with wide open spaces and relatively little product, compared with the usual high

street stores. Don't those guys know about maximising expensive high-street real estate?

Design Thinking is about the end-to-end experience. It is about understanding fundamental needs, by immersing oneself in the world of those who have those needs.

Just last week, I was stuck in London with time to kill. It was pouring with rain and there was an Apple store nearby. So I decided to do some window-shopping. Now, I knew my existing cheap, knock-about headphones, with built-in microphone, were on their last legs, so I decided to take a look at what they had. To my surprise, the store had two cheap options, but one option was almost twice the price of the other.

While mulling over my options, I was approached by one of the staff. After a quick conversation about my needs, he guided me to the cheaper option. I double-checked it was really his recommendation, confirmed that I wanted to purchase and looked around for the payment desk. I couldn't see it and asked him where I pay.

"You can pay me," he told me and promptly produced a payment card reader. He slotted in my card and I entered my PIN. He looked at reader and read out my email address, asking whether it was correct. Now, I hadn't given him my email address. Apple had connected my credit card details with an online purchase I had made, over a year ago.

To round things out, he said, "I'll email you your receipt". This was the icing on the cake for me. I realised that Apple had a record of all of my Apple purchases, across different channels. And if there was a problem with any of them, there was no paper receipt to dig out. This small purchase of around £20 felt part of a joined up customer experience and I was...well...delighted!

But Design Thinking is not just about perfecting and improving one brilliant design. Before there is even a design in sight, it is about understanding needs and defining new ones, by generating lots of ideas, including seemingly crazy ones. Who knew that we needed "the internet in [our] pocket", until Steve Jobs gave it as a brief to the iPhone development team?

Design Thinking is about not closing down ideas too quickly, and prototyping lots of them, just to get feedback. It's about using visual thinking to spark multiple perspectives. It's about co-creating with customers and suppliers. It's about emotion. It's **not** about lists of requirements, functions and features.



*"If you want to have good ideas
you must have many ideas.
Most of them will be wrong, and
what you have to learn is which
ones to throw away"*

Linus Pauling, two times Nobel Laureate

I hadn't heard the term requirements, in the context of IT-based projects, until the mid 1980's. Up until then, programmers (or analyst/programmers) used to simply sit with their customers and build stuff, chunk by chunk. The biggest innovations were the visual thinking approaches of the likes of Tom De Marco and Ed Yourdon.

I don't know about other countries but in the UK that changed in 1983, when the government mandated that something named SSADM had to be used for all government projects with IT content. (SSADM stood for Structured systems analysis and design method.)

Although SSADM borrowed some of the visual stuff from De Marco et al, the mandated starting point was "the Problems and Requirements List". A government mandated approach based on long lists -who would have guessed?

But bizarrely, to me at least, this approach jumped the fence into the commercial sector and, bingo, the next 30 years were spent trying to perfect the art of requirements. Have you even seen an instance of project failure that wasn't blamed on "poor or incomplete requirements"?

The writing was on the wall and before long we had to invent Business Analysts to act as brokers between technologically illiterate "users" and programming trolls, unable to speak in joined up sentences and kept a safe distance from emotionally fragile "users".

Enough already!

Agile, which leans heavily some aspects of Design Thinking, is definitely a step in the right direction. But, in my experience, Agile is still mostly in an IT ghetto, prioritising "value" on the basis of "requirements" not a deep understanding of core needs or the real business value.

It was way back in 1967 that marketing guru Philip Kotler advised us to think in terms of needs not products: selling holes not drills. Nearly fifty years later, we are still giving our IT suppliers the requirements for drills.

It's time that business and their IT counterparts picked up and opened the Design Thinking playbook.

SOLUTIONS: WHERE IT-BASED PROJECTS GO OFF THE RAILS

Deciding on a solution is where most IT-based projects cross the Rubicon.

Defining the right problem and creating a shared vision are relatively inexpensive and changes of mind are still entirely possible. But once a solution has been chosen, budgets are committed, resources marshalled, suppliers engaged and contracts signed.

It's usually a big step and it's usually done badly.

In my experience, there are two major problems at the solution generation stage:

1. genuinely alternative options are not explored
2. "solutions" are seen as the province of the IT supplier

In his brilliant book, *Thinking Fast and Slow*, Nobel Laureate Daniel Kahneman tells us that:



"the mind is a machine for jumping to conclusions".

Abhorring uncertainty, we construct stories, in real-time, that make sense of what we perceive, based on our existing knowledge and experience.

In other words, we come to fast, subconscious conclusions based on relatively limited information, without waiting for the full picture. Then we seek out reasons to support those conclusions, disregarding contrary evidence. This is known as “confirmation bias”.

This bias made total sense for early humans, running across the savannah, in search of protein, whilst trying to avoid predators. But it leads to some serious problems when it comes to IT-based projects, particularly when defining solutions. Teams settle far too quickly and easily on a seemingly decent solution idea... and adjourn to the pub. Genuinely alternative options are not explored

The second of the two problems is that the term “solution” is often seen as being synonymous with an “IT solution”, leading to an abdication of responsibility by business leaders. IT suppliers also share the blame for this abdication by saying things like, “you just give us your requirements and we’ll generate the solutions”. But the supplier doesn't understand the problem and vision as well as the business leader does.

Solutions should be thought of as business solutions, in which IT has a role to play. If the project vision describes what an organisation wants to achieve, then a solution describes how it might be achieved... *in business terms*. The solution may well describe the role played by IT but it is only one of the players in a business solution.

Take, for example, a project that aims to help homeless people, sleeping rough in London. The vision might be to provide homeless people with information about things such as the availability of accommodation, access to free food, medical services, drug/alcohol dependency services and so on.



One solution might be to provide homeless people with some form of mobile device. A different solution might be to install private kiosks with static devices in selected locations, such as railway stations and hostels. These are solution options that describe the role played by IT. They are not descriptions of “IT solutions”.

I am not arguing that IT suppliers should be excluded from solution generation. Far from it, IT specialists are, on the whole, intelligent, well-educated, curious and creative. They are just the type of people who can help to generate creative solution *when working in tandem with their business colleagues*.

All too often, at the solution stage, business leaders take their hands off of the wheel when they should be gripping it ever tighter, in that knowledge that there is a big turn right ahead.

That big turn is often a business case or business plan template that insists on three options that is satisfied thus:

- The ludicrously suboptimal
- The supplier's favourite - often using the latest CV-enhancing toys
- The ludicrously gold-plated

The horse has bolted. Confirmation bias means that it will now be very difficult to get the project team to come up with anything other than slight variations on the central theme. Not because they are stubborn but because that's the way we are wired. Neurons have fired and new pathways have been created. Something seen cannot be unseen.

So what's to be done?

The second of the two problems, solutions being seen as the province of the IT supplier, is the simplest but not the easiest to mitigate. Business leaders need to take responsibility for the solution. It's that easy and it's that hard.

The first problem, generating genuinely alternative options, is more difficult because of the biases and preferences in play.

The key is to adopt an approach that forces multiple perspectives and a shared awareness that the best solution is likely to result from a combination of ideas, not a single all-conquering idea.

In my recent book, **Business Leadership for IT Projects: a value-based approach**, I describe the framework and thinking tools that I use for generating genuinely alternative options for IT-based projects. And, if you read the previous article, you'll be unsurprised to know that a lot of that is based on Design Thinking.

WHY ORGANISATIONAL CHANGE NEEDS GARDENERS NOT MECHANICS

Mature organisations, particularly large ones, often reach a point in their lives where they want to make a step change in some dimension of performance. Such initiatives can include: mergers, acquisitions, business process change, relocation, multi-site consolidation, outsourcing and a lot else in between.

These types of changes are challenging because their success, to a large degree, depends on changes of behaviour.

And in an increasingly interdependent world, those behaviour changes are no longer restricted within departmental or organisational boundaries. Employees, customers, suppliers, partners and regulators, now constitute a rich ecosystem that is a modern organisation.

To deal with this complexity, our approach to organisational change needs to change.

HOW CHANGE USED TO BE

A hundred years ago, if Henry Ford wanted to change his organisation, he could simply tell people what he wanted and it would happen. But by the time I was directing my first major change programmes, in the mid-nineties, the language of change was about, “getting buy-in”, “winning hearts and minds” and “overcoming barriers to change”.

The role of people and their behaviour was recognised but change was still seen as being top down. The hero CEO breezed into town and told everyone what needed to change. He would then hire his favoured management consultants and set about establishing a team to make the change happen.

And those consultants probably leaned heavily on a hugely influential article by Harvard Business School professor, John Kotter. The article, *Leading Change: Why Transformation Efforts Fail*, was published in spring 1995's Harvard Business Review.

Kotter wrote that he had studied “more than 100 companies”, over 10 years and concluded that:

“A few of these corporate change efforts have been very successful. A few have been utter failures. Most fall somewhere in between, with a distinct tilt toward the lower end of the scale.”

Based on “the more successful cases”, he proposed “eight [sequential] steps for transforming your organisation”.

1. Form a guiding coalition
2. Establish a sense of urgency
3. Create a vision
4. Communicate the vision
5. Empower others to act
6. Plan for and create short-term wins
7. Institutionalise new approaches
8. Consolidate improvements

Top tier consultancies immediately put in their back-pockets and others put it straight on PowerPoint slides, perhaps losing a few key words along the way.

Kotter's eight step programme has been prevailing wisdom for the last two decades.

THE WORLD HAS CHANGED

The programmes I directed the mid to late nineties, were during the heyday of Business Process Reengineering. I was working in retail banking, which was a very hierarchical environment, and Kotter's model served us well...*most of the time*.

Consultants would facilitate groups of front-line staff to come up with radical ideas that were then piloted, to validate benefits. That done, they were then rolled out, cookie cutter style, to a few thousand people. Luckily for us, most of the changes made obvious common sense, so there was limited resistance to change and the changes stuck.

But I can think of at least one really important change that failed because we tried to impose something that people didn't see as practical. Tens of millions of pounds of cost savings went begging. We were just not able to get staff to make the behavioural changes needed to exploit the expensive technical changes that we had made.

Effective organisational change has always been, to some extent, dependent upon behavioural changes. But I believe, however, that the extent of this dependence has increased massively since Kotter's article.

Three key changes have changed the playing-field, particularly over the last decade.

1. ORGANISATIONS ARE MORE INTERDEPENDENT THAN EVER BEFORE.

What started out as the outsourcing of unglamorous activities, has lead to the redrawing of organisational boundaries. Activities previously carried out *within* organisations are now often done by partners and suppliers...often sitting in the same premises, using the same technology.

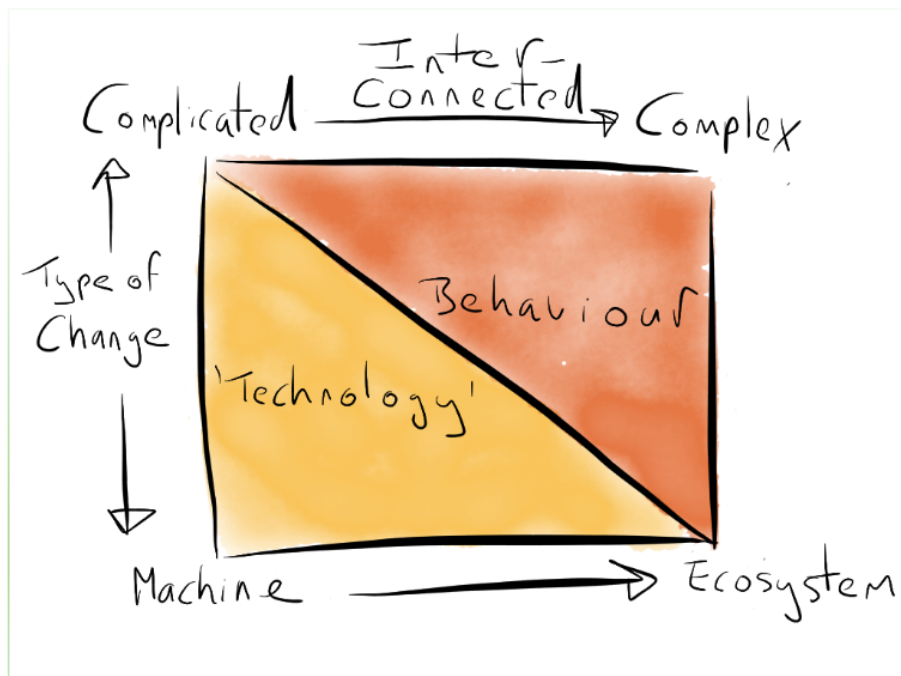
2. DIGITAL TECHNOLOGY HAS MADE ORGANISATIONS TRANSPARENT.

The power of customers, suppliers, partners and competitors has increased massively because it's so easy to build a comprehensive picture of an organisation. Strategy, people, pricing, customer reviews, gossip, pretty much anything else one would like to know, are all just a click away.

3. INDIVIDUAL COMMITMENT NEEDS TO BE EARNED

With job security no longer the norm, commitment to challenging organisational goals needs to be earned in different ways, such as opportunities for intellectual and professional development, or a sense of purpose. Additionally, critical contributors to change may not even be directly on the payroll.

The upshot is that today's organisations are less like machines and more like ecosystems. Constituent parts linked together, in large part, by behaviour and just like an ecosystem, small changes in one part can have large and unexpected consequences elsewhere.



CHANGE NEEDS TO CHANGE

A motorcar is **complicated**. It has lots of parts but the outputs can be predicted from the inputs. Change can be designed and controlled. This is still the mindset most organisations have towards organisational change.

Today's organisations are, however, increasingly **complex**. Interventions can be designed but outcomes cannot. What happens as consequence of an intervention is not entirely predictable nor can it be fully controlled. To understand a complex organisation, we need to think in terms of **systems** of interconnected, largely autonomous parts.

Most changes are usually a mix of technological and behavioural change. The more the change depends on behaviour, the more likely that the change needs to be understood as a **complex system**.

LESSONS FROM FOREIGN AID

In his book, *Aid on the Edge of Chaos*, Ben Ramalingam examines the repeated failure of large-scale foreign aid interventions. Perhaps counter-intuitively, the arrival of outside money and expertise often makes matters worse, not better. Complex problems do not always have simple, elegant solutions. Networks of relationships and interactions can be fragile if an intervention ignores how different parts interact.



Ramalingam tells us how a thousand-year-old system of terraced rice farming in Bali was brought to the brink of collapse by a disastrous outside intervention to improve yields, hubristically named *Massive Guidance*. It took ten years of falling yields, to get the aid agencies to recognise that a different approach was needed.

Unfortunately, the tightly integrated social and decision making structures, particularly around water-sharing, that made the system work, prior to *Massive Guidance*, had been side-lined for a decade. But eventually, after much work, the previous status quo was restored, thanks to the systems thinking experts from the Sante Fe Institute. Today it is a World Heritage site.

Alongside the failures, Ramalingam highlights the successes and identifies some common themes in those successes:

- understanding the system within which an intervention sits
- co-creating solutions
- small-scale, low risk experiments in the face of uncertainty
- propagation of “best practice” from within

What thrives in these complex contexts is that which best fits that context. In an ecosystem, it's survival of the *fittest*.

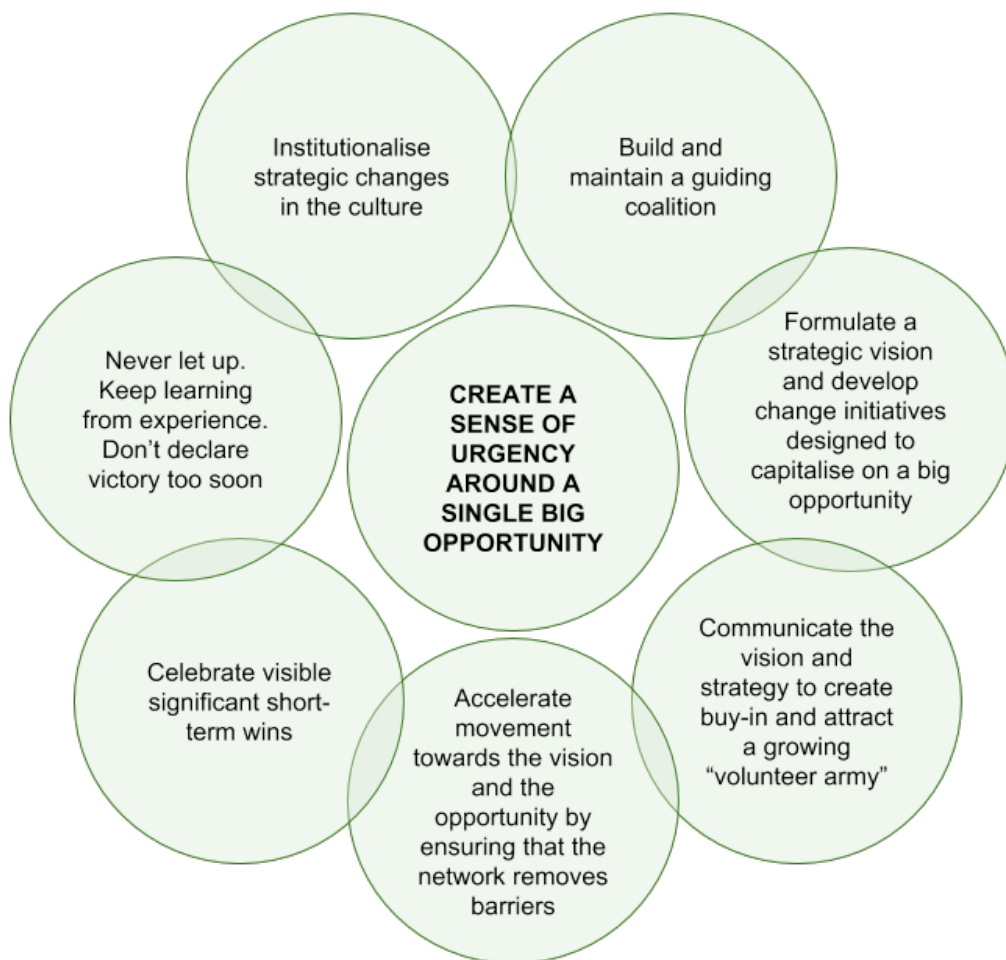
NO-CHANGE ORGANISATIONAL CHANGE

Soon after reading Ben Ramalingam book, I heard a talk by one of my colleagues. He described a current assignment, to improve the effectiveness and efficiency of delivering IT-based change in a major utility. The approach he described resonated strongly with the advice from Ramalingam for foreign aid projects.

The team set out to propagate change from within, coaching client teams to adopt a handful of different practices but keeping everything else the same. Kenny described it as “no-change organisational change.” A later conversation with Kenny validated that this was a conscious decision to use a systems thinking approach that treated the organisation as an ecosystem not a machine.

KOTTER REVISITED

Interestingly, John Kotter returned to the pages of Harvard Business Review in November 2012, to update his much-followed advice for organisational change. In an article entitled *Accelerate!* he argued that a linear, sequential approach was too slow for today's fast-paced, interconnected world. He reworded his eight steps, describing them as “eight accelerators”, acting simultaneously, in concert.



But actually, most of the article majored on his advocacy of an informal change leadership structure, operating in parallel to the formal leadership structure. He described an “inside-out” systems approach to change, very much in line with what my colleague has described with his “no-change organisational change.”

HOW CHANGE NEEDS TO BE

So what advice should we give to executives, under pressure to deliver a step change in performance?

1. THINK OF THE ORGANISATION AS A SYSTEM

Creating false boundaries limits both our understanding of change and our capacity to effect change. An intervention in one place can cause unforeseen consequences elsewhere. Make a serious attempt to map and understand connections and feedback loops.

2. REPLACE PREDICTING AND CONTROLLING WITH SENSING AND RESPONDING

Change is less like a sprint relay and more like a rugby match. There is a game-plan but success depends on awareness of (“sensing”) emerging situations and adapting appropriately. Fail quickly and learn.

3. CHANGE NEEDS TO BE CO-CREATED AND COME FROM WITHIN...TO BE INSIDE-OUT

Work with not against the organisation’s immune system. The executive team may have a handle on the performance attributes that need to change but the people who know how to achieve that change are the people who do the work, including partners, suppliers and customers.

GARDENERS NOT MECHANICS

Leaders of change need to be more like gardeners and less like omnipotent mechanics. A successful gardener takes time to understand the complexity of their unique environment and how the different parts interact. They work together with the environment, not against it. Success depends on experimentation and nurturing.

DOES YOUR ORGANISATION NEED A NUDGE UNIT?

When it comes to organisational change, it's rare for governments to be more innovative than commercial organisations. But that seems to be the case when it comes to the application of *behavioural science*, a branch of psychology that aims to understand how and why individuals and groups behave the way that they do.

And although you may not be familiar with the term behavioural science, you may well be familiar with the famous story that describes how it was used to increase hotel towel reuse.

Instead of the usual message about towel re-use being good for the environment, psychologist Robert Cialdini asked his researchers to change the message, in some rooms, to say:

"The majority of guests who stay in this hotel reuse their towels at least once during their stay".

The result was that **reuse was 26% higher** than in the rooms with the standard environmental message.

The researchers then modified the message still further, to be more specific, by saying that guests *in that particular room* reused towels at least once during their stay. The result was that **reuse increased to 33% higher** than the standard message.

This was a clever use of what psychologists call *social proof*. In essence, social proof is our innate and unconscious desire to conform to group norms. And social proof is just one of six core principles that Cialdini lists in his book *Influence*:

1. Social proof
2. Reciprocity
3. Commitment and consistency
4. Liking
5. Authority
6. Scarcity

Now it's fair to say that large organisations are not completely oblivious to this. Advertising agencies and astute sales and marketing people use a fair amount of behavioural science, whether based on scientific research, or simply decades of trial and error. But the ability to understand and influence behaviour goes way beyond selling stuff.

In 2009, two academics, Richard Thaler and Cass Sunstein wrote a book entitled *Nudge*. Their aim in writing the book was to illustrate how behavioural science could be used to influence public policy outcomes. Indeed, the subtitle of their book is *Improving Decisions About Health, Wealth, and Happiness*.

Nudge was picked up with surprising alacrity by the UK government who, in 2010, established *The Behavioural Insights Team*, or *The nudge Unit*, as it soon became known.

Among its achievements, it claims to have recouped around £30m per year in missing income tax, by introducing new reminder letters that informed recipients that most of their neighbours had already paid. Sound familiar?

But its repertoire is not limited to copying Cialdini's towel experiment. There is a catalogue of other examples, using a variety of behavioural science tools, to make

small, inexpensive changes that have resulted in significant changes in public behaviour.

The unit has now quadrupled in size and been spun off as a private company, jointly owned by the government and its employees, with an eager list of governments and corporations who are keen to use its expertise.

Now, I am conscious as I write this article that the term *behavioural science* might sound intimidating and could imply that one needs a deep level of expertise to use it. So, instead, think in terms of *nudges*. Small, friendly and easy.

The thing about nudges is that you don't have to be a psychologist to try them out.

David Halpern, the CEO of The Nudge Unit said that one of his proudest achievements was to bring experimentation and the scientific method into government policy making. Nudges don't always work, he says, but instead of big multi-million pound bets, policy makers are increasingly creating inexpensive, low-risk experiments to find out what actually does work.

So if you are engaged in organisational change, think about the extent to which success is dependent on behaviour. Perhaps what you need is your own *nudge unit*?

A TEAM OF LEADERS FOR PROJECT SUCCESS

On a small project, we are usually in direct contact with the customer, most of stakeholders, the members of the project team and most of the IT supplier's team. However, many projects are just too large to establish and maintain a level of personal contact. Their success depends on having leaders, who share the project vision, in the centres of expertise that are spread across the business functions, the IT supplier and partners outside the organisation.

When I start working with a client, they often ask me to have a look around and tell them how I think their project is doing. I like to start this task informally, without looking at any paperwork, by having off-the-record chats with key members of the various teams. Although this does, of course, include people in formal management roles, I really like to talk to are those below that level – the key doers and influencers with specific skills and knowledge.

What I often find is that people who are keen to be part of a successful project feel frustrated and stifled: not listened to and undervalued. These are often experienced people whose particular expertise is well respected by their peers. They usually have a long list of things that are being done wrong or could go wrong. These are the leaders in waiting and the challenge is to harness them.



The New Zealand “All Blacks” Rugby Union team are arguably the most successful national sports team of all time.

They have won 78% per cent of all the matches that they have ever played.

Writing in September 2015, as they defend their title as reigning world champions, they have won a staggering 93% of their matches over the last four years, since the last Rugby World Cup!

They have a winning record over every other side that they have ever played are favourites to win The Cup again. But even if they don't retain their title, that's some record!

The All Blacks are the acknowledged thought leaders in the game of Rugby Union and the standard against which all other nations measure themselves. It is always a shock when they lose and is a source of great jubilation for those who manage to defeat them.

The population of New Zealand is just under five million, just over half that of London. The All Blacks are doing something right and a large part of their success is what they refer to as:

'leaders all over the park'.

Rugby Union is a complicated game, played by two teams of 15 players, comprised of eight 'forwards' and seven 'backs'. Each 'phase' of the game has its own rules and requires a different set of skills. Unlike American Football, the same sets of players do the attacking, defending and kicking. A rugby team has only one formal leader – the designated captain.

But the All Blacks, always the innovators, were the first to take this a step further. Guided by a shared vision of how they wanted to play the game, they encouraged their more experienced, highly regarded players to take leadership roles during different phases and situations of the game. Younger or less-experienced players would look to those informal leaders to learn and seek to emulate their particular skills.



More importantly, these multiple leaders are the cool heads that take charge when the going gets tough, making crucial decisions on behalf of the team. Nowadays, each top rugby team talks about the need to develop leaders 'all over the park'.

The analogy between a game of Rugby Union and a project is that each goes through different stages and complex situations, where different skills and experience are needed. And just like rugby, the formal leader is either not present to make a decision or doesn't possess the right skills and experience to make that decision. Project decisions

may not need to be made as quickly as in a game of rugby but brisk and confident decision making builds and maintains a project's momentum.

Think about who might be the natural leaders on your project. Who are the influencers and subject-matter experts that others look to for guidance? Who do you need to wield influence at certain stages and in particular topics?

When you have identified these leaders, ensure that you chat to them on a regular basis as individuals or as a group. Let them know how much you value their contribution and leadership. But go a step further and follow the example of the All Blacks: tell them that you see them as important leaders on the project, with a reciprocal expectation that they will lead on your behalf.

If you can develop a network of informal leaders all over the project, they will act as the glue that keeps a project on track when things go wrong and processes fail for reasons beyond your control. Even if you lose a crucial 'player', you will have a strong team of leaders to guide you home.

FURTHER INFORMATION

If you would like further information about the ideas in this book, please feel free to make contact or check out my website, details of which are below.

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