

Implementing a change? Vital insurance while you do so

By Andrew Bass, Ph.D, BassClusker Consulting

Research in a variety of fields makes it clear that any system which can sustain a viable existence *must* have monitoring built in. In business, this means that it's not sufficient for a leader to send out signals requesting action and 'consider it done', because all kinds of noise will likely intervene. Unless you monitor properly, that can mean big trouble.

A listed company had recently acquired an owner-managed manufacturing business of about 100 people. Manufacturing had historically taken place on two sites, and it seemed logical to the acquirer to combine them at the location of the larger factory. The task was given to the acquired management, who (is it too unkind to say?), like over-confident children trying to impress the grown-ups, declined the offer of help either in the shape of corporate support or funds to take on an interim manager with dedicated focus on the task. They tried to run the whole process themselves, and quickly became completely overloaded. The crisis came when stock was transported to the new site before it was realised that there was no plan for where to store it – the trucks that had been hired had to leave for another job, so the stock was temporarily located in disorderly pile. And then lost. The immediate cost was £5M, quickly followed by a loss of reputation and goodwill because production was paralysed and orders were delayed for several months.

This overconfident team demonstrated that people make mistakes and get out of their depth. But we probably don't need reminders of that. So it's not the real lesson. My question is "should the managers of the *acquiring* company have done more?" Most likely you will agree that they should have. But of course they could only have done so if they had kept track of what was happening.

Just because you are in charge doesn't mean you know what is going on

Unless you are an extremely deft change agent, any intervention engenders unforeseen practical and interpersonal snags. In hindsight, it will be obvious that much aggravation could have been avoided, or at least mitigated, if:

- people with requisite knowledge of potential snags had been asked about them early enough.
- people had not failed to speak up with vital information because they feared seeming 'negative'.
- rumour mills had not generated (often specious) headwinds.

The way to cut down or head off these problems is to develop a wide variety of sensing mechanisms to give you accurate feedback so that you can respond well. These mechanisms cannot all be numerical measures (which only give a 'monochrome' perspective of a richly colourful

world, and are in any case too easily 'gamed'). Neither can they rely exclusively on your direct enquiry: 'managing by wandering about' has its plus points, but the problem is that your very presence will affect people's behaviour and so give you a skewed idea of what goes on when you are *not* around.

So how do you establish the reliable feedback loops you need in order to steward an organization through an important transition?

Six keys to building reliable feedback loops

Consider each of the following and you will be able to forestall problems and save yourself a tonne of hassle.

1) Develop an *array* of information-gathering activities so that you can triangulate what they are telling you.

Individual methods include – but are not limited to - focus groups, staff, supplier and customer interviews, skilled observation, mystery shopping, surveys and staff hotlines. No one method is completely reliable or even appropriate - in fact, used in the wrong way most of them can be actively counter-productive. Different methods work at different levels, and you need to ensure coverage around the organization in order to determine sentiment, engagement and opinion on the management and effects of the transition.

2) Understand the 'Observer Effect': that *who* does the measuring, and *how* they do it, definitely affects what they observe.

This is not some arcane idea from theoretical physics. The 'Experimenter Bias' and 'Hawthorne' effects are well documented in social science research, and the effects are in plain sight in organizations all the time. One Director told me his meeting with staff to discuss the results of a poor employee survey went well and everyone was now saying they were completely happy. Well they would say that wouldn't they! I heard later on the grapevine (a more reliable channel if you are known by staff not to have an axe to grind and to be conscientious about confidentiality) that they remained just as unhappy as the survey indicated. It wasn't the Director's failing: it's just hard to get straight information from people whose livelihoods you influence.

3) Make sure your interviewers/focus group leaders know what they are doing.

If not, you not only risk getting a wrong steer from sycophantic or wilfully misleading responses, and you can actively create trouble, because the questions chosen can powerfully influence a group, and start all sorts of rumours. At a minimum, discuss this danger with your interviewers and facilitators and make sure you see 'the light of understanding' in their eyes as they explain to you how they will avoid such dangers. It's also no bad idea to have a trusted assistant sit in on some of the focus groups, with a brief to watch for problems.

4) Be careful about mystery shopping - it's powerful but it can create counter-productive tensions.

This one is a finely balanced question and I don't think there is a definitive right answer. I informally shop at my client's businesses when that's possible, and I encourage managers to do that themselves if they can do so without being recognised. Just ringing your own reception, sales or service department can be salutary! Once you start sending in official mystery shoppers, I think you are into another ball game. It's fine when employees know it could happen because it's explicitly part of the deal. But it's extremely counter-productive if people feel tricked. Note too that some forms of employee monitoring – with CCTV for example – can be subject to legal constraints.

5) Use hotlines to create a responsive, credible yet unobtrusive flow of communication.

This is a brilliant method which I learned from Alan Weiss. It will keep you well informed, and will also allow you to intervene to correct potential rumours in a timely fashion. In essence, you provide some method for anonymous communication - it could be a phone line, an email address, website or physical address - to which people can send questions, issues and concerns. These are then collated for you to respond to in a regular circular memo. Obviously people need to be sure that their anonymity is assured, and so it is best if the hotline is operated by a third party, especially if early mistrust is a possibility. This is a great way to get feedback which it offers little incentive to game-players, and it gives you a way to respond credibly to concerns in near real-time.

6) Make sure your feedback loops are closed by a sufficiently powerful decision-making process.

So-called 'feedback' is actually no such thing unless it actually influences your subsequent actions. You must make sure that you have ways to:

- Prioritise areas of the organization on which to focus information gathering.
- Determine how what you learn chimes with other information channels you have available.
- Decide whether or not specific responses are required, and if so, what those should be, and who should be taking them.
- Resource, design, implement and monitor any interventions to be taken.

What you don't know can definitely hurt you

In the memorable words of a senior civil servant I once discussed all this with, "you can't consider a memo to be a proxy for action." If you do so, and assume that because you have transmitted your message, it has been received error-free and is actively being acted on, you end up closing the loop in your own head - or in the upper echelons of your organization - and your world turns in on itself. You become, in the manner of French military command at the outbreak of WWII, 'like a submarine without a periscope' - cut off and increasingly deluded, even paranoid. Indeed, that is just the effect the great military strategist John Boyd tried actively to produce in his enemies, because he understood that this would lead surely to their ultimate ruin.

It seems silly to do this to yourself – yet some people seem actively to fuel a culture which cuts them off from vital information with silly macho pronouncements such as “don’t bring me problems, bring me solutions.”

At a minimum, good feedback loops are a vital insurance policy against delays and discord, and in the extreme (but not that uncommon case) they could be all that is protecting you from a complete breakdown of the viability of your organization.

And at their best, they allow you to capitalise on the knowledge, skills and intelligence throughout the organization. So what are you doing to ensure your view is fresh, and reliable?

.....

Contact Andrew Bass for more information and resources:

Tel: 00 44 (0)121 427 7217

Email: andrew@bassclusker.com

Web: <http://www.bassclusker.com>