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How to Organize Turning Points

In economically difficult times people and organizations come to turning or breaking points and crossings. Increased cognitive ability, planning alternatives, steering in the here and now as well as clever double-strategies may be helpful answers.

„You cannot solve a problem in the same way of thinking which led to the problem.“ (Albert Einstein)

Crises as well as successes (like intense growth) again and again do cause constellations which can be called turning points. They challenge managers to extend or even change their perspectives in order to find a new way. Currently the global economy crisis dominates our thinking and questions the old patterns of problem solving.

Mere passing through, reducing capacities and employees, may strategically be the wrong reactions, whereas the point is to manage the crisis and to be successful during the next boom at the same time. Right now it is important to notice relevant signals and to take them serious, to identify the starting points which simultaneously can be used to organize strong cuts and innovation.

Sharpening cognitive ability

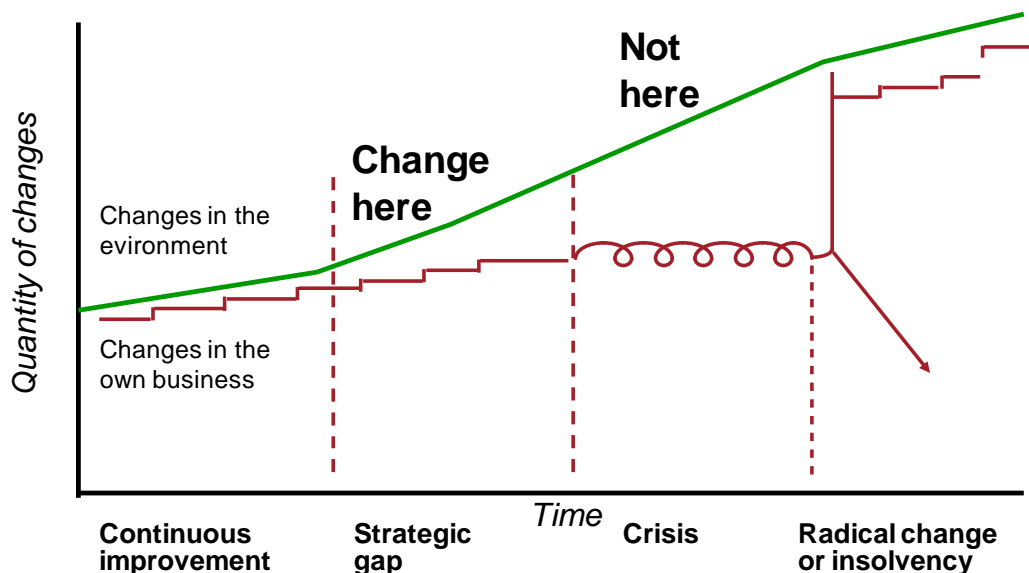
Critical situations narrow the view! Insolvency research shows that only a few parts of reality are perceived and that often wrong conclusions are drawn. This can mean to adhere rigidly to old recipes for success. On the other side there are excessive panic reactions which result in hasty actions. Chances and possibilities cannot be seen sufficiently, innovations are waved aside as too risky or fall victim to saving.

In difficult times we extraordinarily have to sharpen our capacity to perceive our environment. How does the situation of our clients look like? How do our investors react? How stable are our most important suppliers? What is the “good within the bad”?

Suitable measures are Large Group Interventions, permanent monitoring and a good communication culture of the management. More sensitive perception helps to recognize fields of action and strategic gaps of the own business (exceeded costs, antiquated products, wrong sales channels, neglected skills of employees etc.).

The earlier we recognize the “strategic gap”, the more effectively we can give the right answers.

Fig. 1: Early realizing what's coming next



cf. Gerry Johnson, University of Strathclyde

Thinking ahead instead of reflecting

Although we currently don't know exactly what's coming up to us – e.g. development of the branch and the market; behaviour of our partners in future – this doesn't mean we can do without strategy, planning and future designs. In times of crisis working on strategies and planning possesses has another quality than in times of substantial and sustainable growth.

We currently cannot rely on our past experiences. We cannot simply proceed and extrapolate existing strategies and budgets. Too much do past experiences obstruct the view and cause blind spots.

More suitable is thinking in scenarios. The method of scenarios supports to plan ahead future proceedings of the environment as well as their influence on the own business. This leads to important information for prospectively robust strategies. Relevant parameters are collected and two to four scenarios are described. On the basis of these possible future worlds, alternative strategies, plans and measures are worked out. Scenarios are essential exercises to get mentally and conceptually more flexible.

Steering in the here and now

Plans may not close themselves to the forthcoming reality, they have to be adapted. Apart from the above described cognitive ability and the preparation for different scenarios, immediate steering becomes more and more important in difficult times. The point is to conceive the circumstances in an alert way, to evaluate them and to make appropriate decisions. Of-

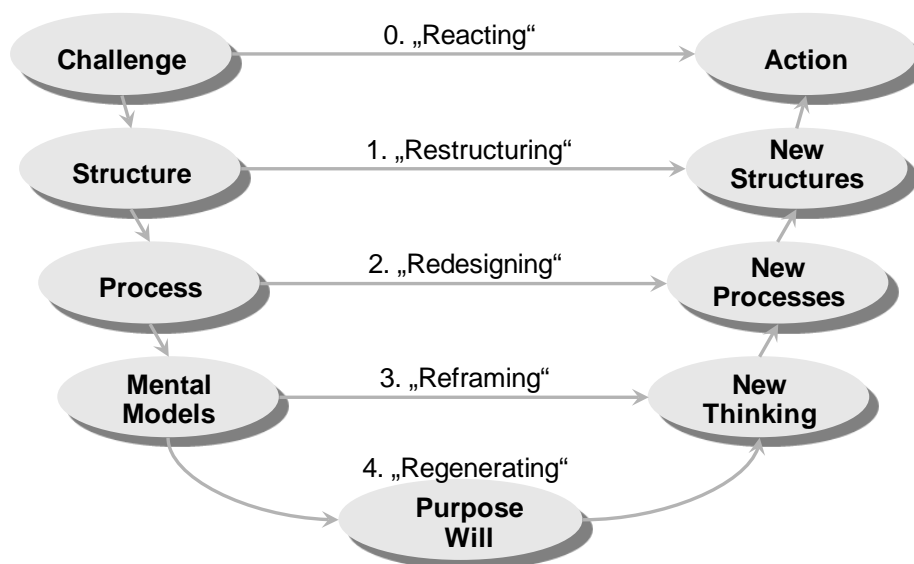
ten this happens very fast and uncomplicated. In our complex world the dialogue ability of the organization's key persons is needed in order to fulfil this. We shouldn't waste time for traditional tactical and political games in meetings.

The right deepness

Superficial changes are not sufficient when turning points are reached. For instance, the adaptation of capacities is the wrong answer to a failed product policy!

The following figure shows five differently deep levels, where changes of an organization can or have to be implemented.

Fig. 2: Levels of deepness during changes



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Reacting (to challenges): Rarely enough to manage crises.

Restructuring (structures): Reducing capacities, closing sites, cutting non-productive functions. The challenge of the crisis: Sustaining structures in a way that they are available again when the crisis is over.

Redesigning (simplifying processes): Changing processes takes more time than changing structures, because processes are deeply embedded in the organization's procedures. In times of crises there is often a lack of power for deeper going involvement, though this is the point where most of the potential lies. Business Process Re-Engineering is not a short-term medicine in critical situations.

Reframing (changing mental models): The point is to recognize hypotheses about reality, thoughts, models of culture and behaviour patterns and – if necessary – to renew it. The thinking that led us to the crisis, most of the time is not suitable to lead us out of it! We have to leave the linear “single-loop”-learning (more/less from the same), trying to reach “double-

loop"-learning and even furthermore. That means, we have to act in another way, we should permit others to act their own way, we have to exceed the limits of our acting.

Regenerating: The challenge is to reinvent oneself - a creative process. If the present-day business models are no more self-sufficient, if the competitiveness is no more guaranteed, organizations will have to renew themselves or at least to create sub-areas completely new.

Refloating and Developing

What concerns primarily times of crises is to take defensive as well as offensive measures at the same time.

Measures of refloating and stabilization target at keeping the actual balance with quickly efficient programs like cost-cutting, restructuring or enforced market cultivation.

Measures of developing target at times after the crisis and include processes of innovation, qualifying or finding new market potentials.

The differentiated procedure of accelerating and restricting at the same time demands a lot of managers. At the same time measures are taken which seem to be offensive and create new situations, as well as measures which seem to be defensive in order to cut costs or sites etc. This double strategy is a helpful sample for difficult times, but it also demands much information and communication with employees to make the procedure the best understandable.