



***It's all about where your
mind is at***
– Kelly Slater

Life cycles of organizations Implications for leaders

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Life Cycles of Organizations: Implications for leaders



This article is a companion piece to the paper entitled **Cycles and Levels of Organisational Life.**

In that paper we established that organisations go through cycles of both growth and decline, as originally suggested by the late John Sherwood. In this paper I examine the implications for leadership.

This paper suggests that an effective leader is one who is managing not only the known and tacit but also the visible and invisible, the conscious and unconscious - layers of an organization.

They are also attentive to small weak signals that are forerunners of new forms and innovations that keep the organization alive, vital and relevant.

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The three questions of growth

Sherwood suggested that as organisations grow through time the people inside them end up answering three fundamental questions: who are we, why do we exist, and how are we going to put into practice our understanding of who we are and why we exist?

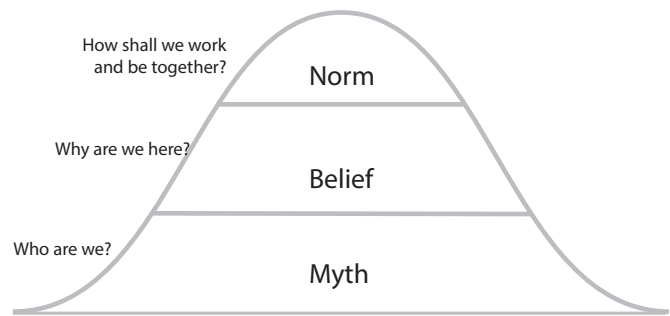
The three questions are not answered directly in most cases, rather implicitly over time as the members of the organisation go about pursuing their shared enterprise, forming plans, and reflecting on their experience.

Sherwood went on to suggest that as these questions are answered over time the organisation tends to consolidate and address three different levels of experience. He called these myth, belief and norm.

He suggested that as organisations grow and become more functional, there comes a point where it is tempting for the members to believe that this is as good as it gets. They see themselves as leaders of the pack, sector or the industry in which they operate; they feel complacent, but would never admit to this; and they have given up trying to find a strategy that takes them to an even higher plateau of performance. It is a very satisfying and comfortable place for an organisation to be.



John Sherwood



It is also a point of extreme danger.

Sherwood describes this point as one of suspended doubt. It is not that everything is perfect, but that the organisation's members feel very satisfied with what they have and have given up striving for something better¹. From here on it is all downhill.

The four types of doubt

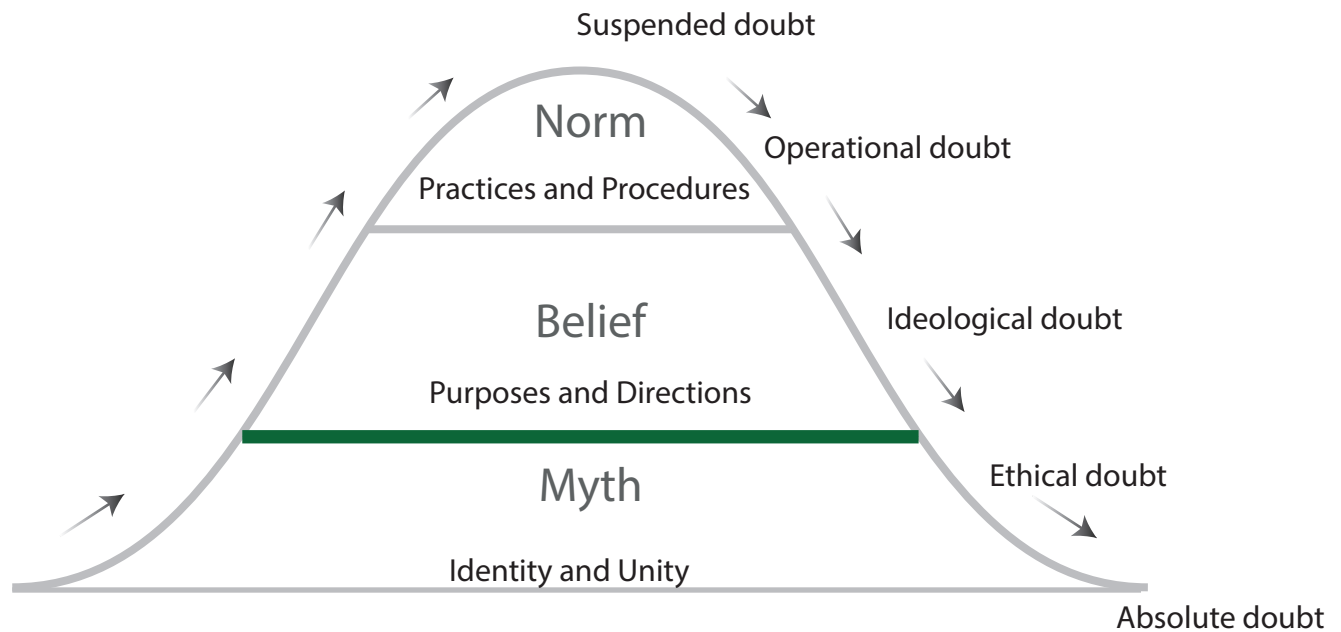
The first type of doubt is one about the way things are done. Members start to point to inefficiencies and problems with the operations of the organization. To realise that this is not necessarily a doubt that is in the mind of specific individuals within the organisation, but a sufficient minority of people start to voice at least some of these questions.

We are talking here of collective, group-level phenomena. This is known as **operational doubt** and when present signifies that the norm level of the organization is not as cohesive or functional as it could be.

The second type of doubt is one related to the goals and purposes of the organisation. There is an increasing number of people who start to wonder or actively disagree with the direction the organization is taking. This type of doubt is **ideological doubt** and when present indicates that the belief level of the organization is fragmented to a greater or lesser degree.

The third type of doubt that now creeps into the system is one of a sense of loss of belonging. It is

¹ For a more complete explanation of these four types of doubt please refer to the paper **Cycles and Levels of Organizational Life**.



not that people are offended or challenged to the level of their core. Rather, they have begun to lose a sense of identification with the whole. Ennui is starting to set in, but not yet alienation. The organization and its members are languishing, in some sort of torpor. This is called

ethical doubt, for the system is starting to lose its meaning for its members. At this point the myth level of the organization (the collective unconscious but shared story in which members work) is starting to fragment.

There is a fourth type of doubt that consists essentially of social alienation. John Sherwood termed this **absolute doubt**. He suggested organisations can continue to exist with large numbers of their employees in a state of absolute doubt but it is unlikely they will be functional as enterprises.

Employees in a state of absolute doubt will be challenged to the core by practices, directions, values or the leadership of the organization: a very fertile ground in which to cultivate whistle-blowers. Whatever the rights and wrongs of Edward Snowden's actions in recent times, by his own admission he had reached this level and type of doubt. Many such employees are likely to be in a state of existential crisis yet may well continue to remain as employees because they do not perceive they have a choice. They are also likely to engage in quite dysfunctional behavior.

One large tertiary level hospital client has many nurses in one section engaging in repetitive and harassing patterns of behavior with



another group of nurses. Both groups of nurses identify mostly with their own “tribe” for they clearly do not identify with the larger hospital or the bigger system of which it is a part. A cursory examination of the last decade or two of leadership in this part of the hospital indicates little or no awareness of the third layer (myth) in the hospital and no energy by a succession of leaders to explicitly foster cohesion at the level of unity and identity.

This is not something that any one leader should be “blamed” for but it is typical of how much dysfunction in parts of today’s organizations arise from lack of attention by leaders to this third layer.

Bob Dick and I came to develop more accessible terms for these three levels of functioning as practices and procedures, purposes and directions, and unity and identity.

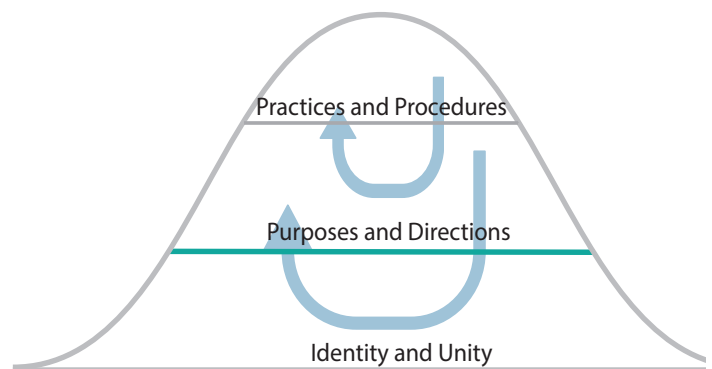
Layers for a leader’s attention

John Sherwood was clear that if there is significant operational doubt in an organisation, then intervening to remove that doubt by fixing only those operational matters that are broken is insufficient in the long term.

He would argue that this problem-solving mind set would, in the end, create more and more complicated problems to solve as unenlightened leaders tried in vain to return the organization and the mind set of its people to a state of suspended doubt. In other words, a systemic break down at the level of practices and procedures cannot be solved at this level alone. It requires at the very least a restatement (and better still) a clarification and commitment at the level below, purposes and directions. This requires leaders to ask of all either for a re-commitment to the organization’s goals or alternately to take time out and re-clarify just what they should be. To put this in the terms of the late Chris Argyris and Donald Schon – to engage in double-loop learning.

Equally, disagreement and conflict at the level of purposes and directions requires not only goal clarification work, but a deeper consolidating at the level of unity and identity. That is, coming to agreement about goals is best done within a re-affirmation of our collective history, our story, our myth. This is not immediately obvious to most leaders for they spend much of their lives time poor at the whim of the urgent and important. Taking time out to affirm and enliven again the underlying culture of an organization is a vital part of leadership.

For a range of possible interventions that work



at each of these levels, we refer you to **To Tame a Unicorn** by Bob Dick and Tim Dalmau

Strategic and effective leadership will periodically and regularly help employees tap into each and all of these levels not only when things are fragmenting, but as a matter of course.

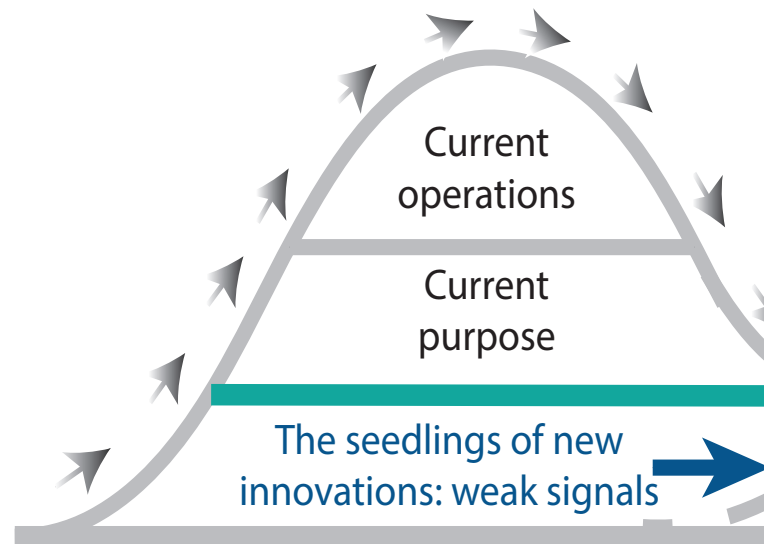
A steel company client of ours in the USA had the habit of an annual gathering of the top 35 leaders to undertake a strategic review of the corporate goals (purposes and directions) and celebrate and tell stories of moments in the company’s past that had become legend (identity and unity). Each month these same people met on a conference call with the CEO to review operational performance and make adjustments accordingly. The cohesion and functionality of this group of leaders was extraordinary.

Surfing the wave

Human experience suggests that all things are born, they grow, and then they die. The corporate landscape is littered with innumerable stories of companies that have followed just such a pattern. But with enlightened leadership this may not be the inevitable result. Enlightened leaders do three things constantly ... they

- Enhance and repair fragmentation at each of the top two levels of organizational life by first consolidating the level below
- They are constantly using mechanisms to make accessible and re-articulate for their employees the goals and direction of the organization and finding ways to re-state the narrative of its identity, both in words and ritual
- They are looking for weak signals that tell them and their fellow leaders of initiatives and innovations that will bode well for its future.

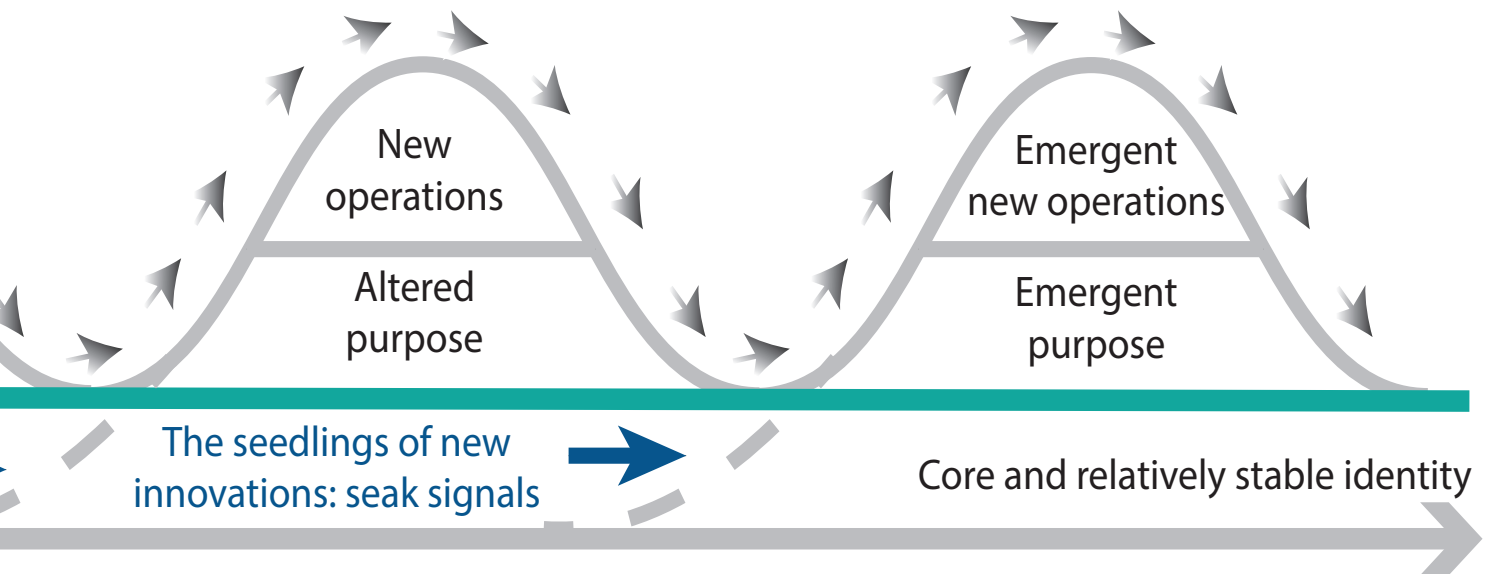
John Sherwood called this Leadership by



Strategic Surprise through Attention to Weak Signals. These weak signals represent people, ideas or configurations that are consistent with the organizations current culture – its unity and identity level – yet may represent new directions and even new practices and procedures.

Of themselves they do not require a re-invention of the identity of the organization (though there are many examples of where this has been so and done successfully) ... rather they may be a new direction, a new set of





strategies, a new set of targets, a new product line, a new way of working together.

Whatever the weak signal is - for it to become reality, it requires an enlightened leader spend some of their energies continually alert to such possibilities. They are prepared to nurture, foster, promote experimentation with and then embed successful forms of these weak signals. In one resources sector client there is a geographically remote plant where a group of less than 6 people have, over the last 10

years, created simple straight-forward ideas for improving safety that in each case have grown to become standard practice for the company globally. There is nothing special about these people and they don't see themselves as a group. They just happened to committed innovative thinkers who are passionate about the company, its safety and its future. And They work in a company where senior executives are continually on the lookout for new ideas, new forms and committed people no matter how unformed and embryonic they may be. It is this form of leadership that has fostered continual innovation and reconfigurations within the organization that has allowed it to ride out the tough and volatile times of the commodity markets.

Sherwood argued that the leadership and stewardship of successful innovation that

- can be incorporated into the identity of an organization and
- yet represents fundamentally new directions and forms

is the rightful preserve of the CEO and his/her top team. These new forms then come to represent a surprise for the organization, but a pleasant one and a surprise, sometimes not so pleasant, for the market and company's competitors. One of our client companies is led by very enlightened leader. This company



enjoys one of the best safety records in its industry sector. Nevertheless the CEO understands that the company is really at the top of one of these waves. He understands and knows his company is a leader in its field, but he is concerned that they have not done all they can to avoid some, as yet, unforeseen catastrophic risk that could result in serious injury or even death.

He has instituted a deep conversation throughout his organization involving the top cohort of senior executives and managers about the link between leadership and catastrophic risk. He is deliberately looking for those weak signals that could spell doom, whilst at the same time maintaining an open mind to new forms and configurations that might emerge from this process he has started. This is enlightened leadership.

But it is not an isolated event. It is an event that builds on top of his unrelenting personal commitment and visible leadership around creating a safe workplace. He has fostered over time a deep shared story in the middle and senior ranks of the organization about an identity as a company that is focused on safety and performance. He has been operating at a leader at all three levels of the organization

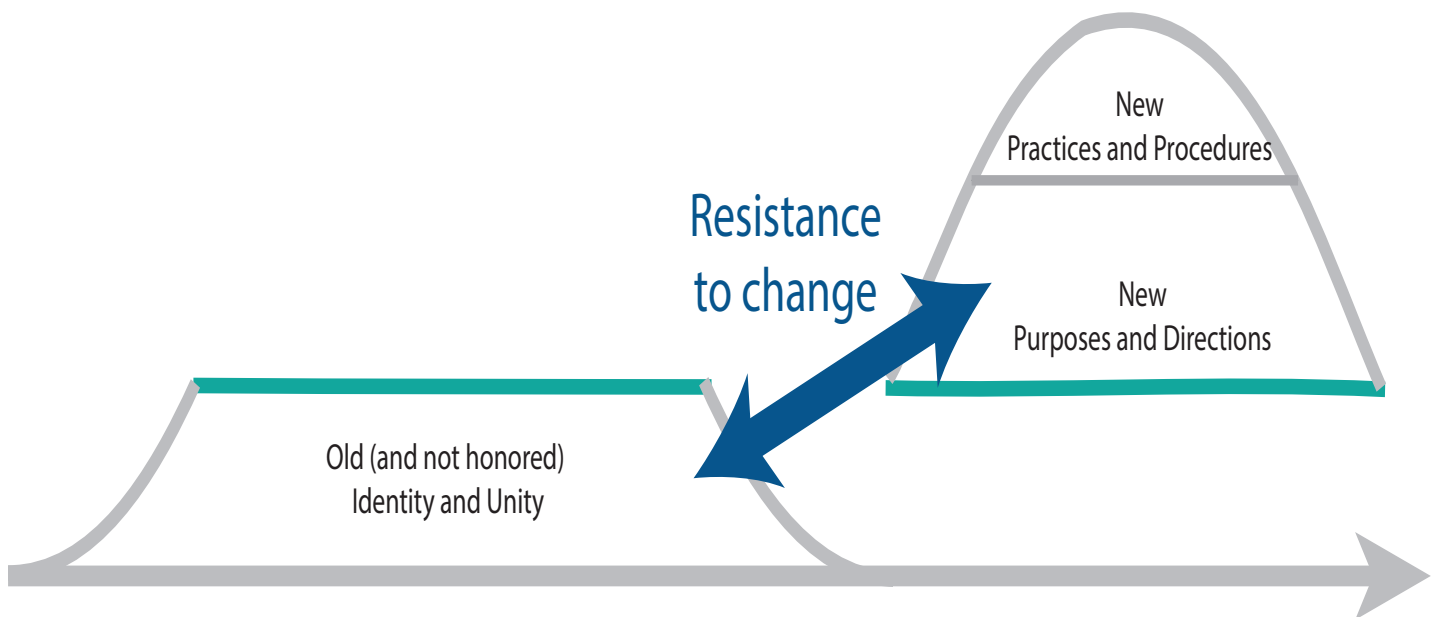
- myth, belief and norm – and this allows him to ask for this fundamental examination of self by his organization at this point of outward success.

Disjointed change management

This model also goes a long way to explain why so much well planned rational change does not sustain itself over time. In the document Cycles and Levels of Organization Life, I point out how the phenomena below the green line have many non-rational and unconscious components to them. We also know that whilst much research shows individuals do not resist change if it is properly contextualized and they are treated appropriately, nevertheless when resistance does occur it is usually triggered from group level phenomena, from the identity and unity level. It is not individuals who naturally resist change, it is groups and organizations.

Rational models of change management seek to articulate new goals and purposes for an organization and the new practices and procedures that go with them. Then, with much good intention and well planned coordination, the change managers set out to “sell” the change to the employees through a well-planned, organized and very rational process. For example, it is sad to say





but the implementation of SAP in so many client organizations over the last 20 years has followed this path. What the change planners often fail to recognize is that group and corporate identities that are not honoured in such a process will inevitably trigger resistance, in some cases quite hostile and defensive resistance.

It is as if the changes have come from a place in the future, the minds of the planners. They have got ahead of the underlying culture of the group – its identity and unity level. The change managers are then bewildered at the intensity of the resistance, whereas if they had spent some small amount of time with interventions that honoured and valued the pre-existing culture, the group would have embraced the change far more easily. As in a funeral service and wake, when the history and identity of a group or organization is honoured, then its members find it much easier to let go and move on to another future.

Reprise

Enlightened and effective leadership is usually about many things and many different levels. Some are obvious: usually matters to do with

the layer we call practices and procedures. They include policies, budgets and activities, coordinating mechanisms, communication processes.

Some are strategic and longer term in nature and represent what we call purposes and directions: such things as values, strategic plans, business plans and review mechanisms.

But the layer often overlooked is the deeper layer we have call unity and identity. This includes the story of the organization, its history, the dreams and hopes of its employees for its future, the rituals and mythologies that have developed over time and that have been formed in the crisis experiences along the way.

Enlightened and effective leadership is about all these layers, and it is also about listening for and nurturing embryonic ideas, forms, ways and means that are consistent with the underlying identity of the organization and nurturing them to become new and vibrant expressions in the company's future.

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