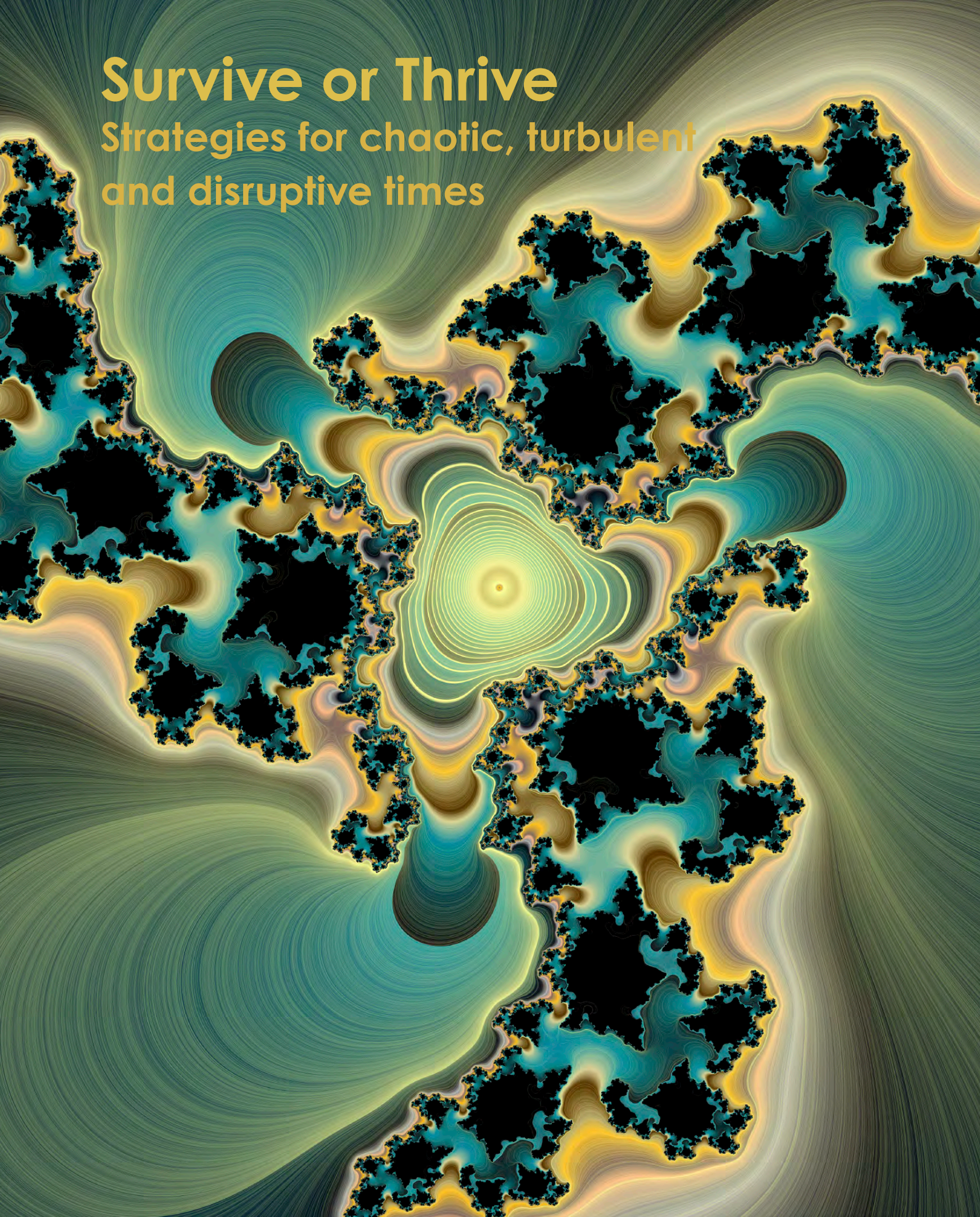


# Survive or Thrive

Strategies for chaotic, turbulent  
and disruptive times



A paper  
from

**Dalmau**  
CONSULTING



**Jill Tideman**



## **Survive or Thrive**

**Strategies for chaotic, turbulent and disruptive times**



Jill Tideman is a Principal of  
Dalmau Consulting with over 30 years  
experience in organizational and community  
change

© Copyright 2015 Dalmau Consulting.

Any part or all of this document may be copied if it is for training or educational purposes only, not for resale or profit, provided due acknowledgment of its source is included on each page.

## Introduction

*"As our society becomes more complex and interdependent we are becoming more vulnerable to disruptive events from a broad range of threats and hazards."*<sup>1</sup>

In recent years, chaos, turbulence and disruption have become everyday words in our lexicon – despite that events characterized as such have been part of human existence forever. The collapse of the Easter Island society, the Black Death, Industrialization, and the last Ice Age are random examples that punctuate history.

Within recent Australian memory ... the spectacular collapse of the Australian wool industry in the 1990's had a lasting impact on the Australian economy, patterns of settlement, and one could argue the Australian identity and psyche. As with all complex situations debate and argument ensue as to the contributing factors and causes. Change arose from the interplay of many factors including the disruption of international markets in the Soviet Union and China, the rise of alternative textiles, government and statutory intervention in market prices and the romance / culture of an industry that had defined Australia for more than 100 years.

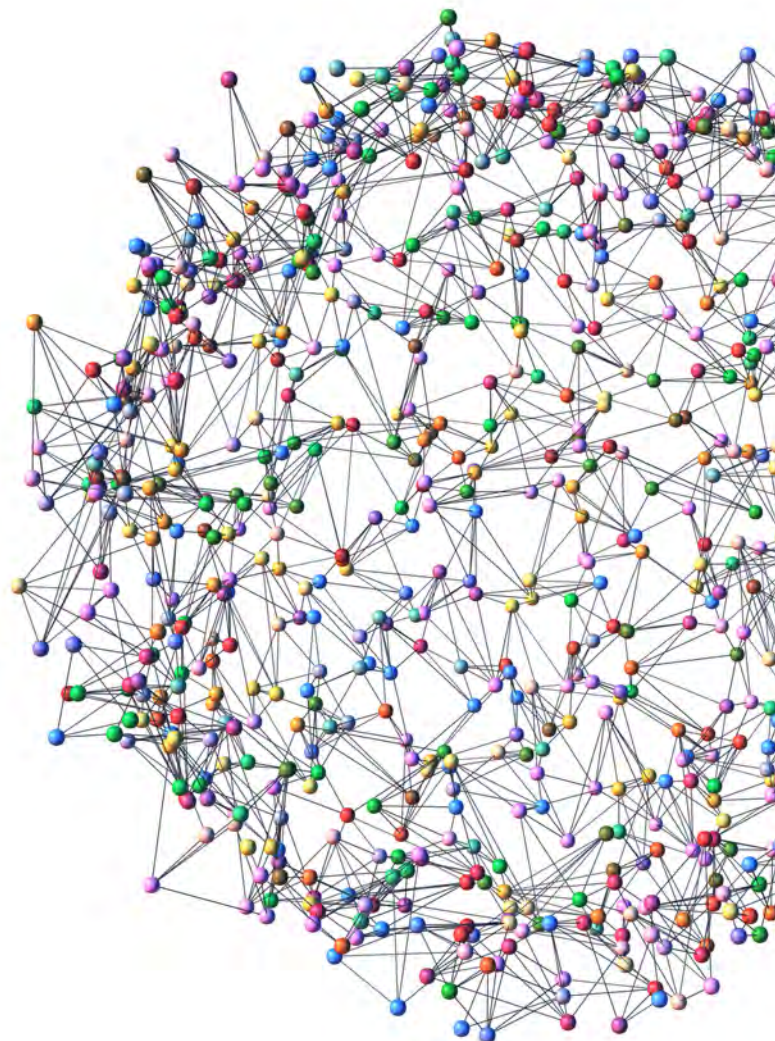
The accelerating pace of global connectivity through the innovation and distribution of new technologies has increased turbulence for communities, organizations and individuals and our own awareness of the same.

The recent intervention by Saudi Arabia into Yemen immediately triggered a spike in the global oil price, with instant flow on impacts to businesses and individuals around the world. It, and in many similar situations, are sparked by the connectivity of information technology (including social media and the Internet) that fuel the pace of change. There is little time to

'see it coming' and prepare: turbulence ensues.

The increasing rapidity of change and the real nature of the impact on our lifestyle, cities and ways of working created by this turbulence are hard to imagine for some; for others they talk as if they are very clear. For instance, whilst we are notionally aware of emerging developments in transportation, such as the driverless car, what it will actually do to our demand for roads and parking (a huge factor in shaping cities), its impact on human safety and on healthcare systems: these things are difficult to predict. The only thing we do know for sure is that it will severely disrupt the current conventional car industry - some are already predicting its demise.

Similarly the consequences for all aspects of work and life by the development of mobile phone technology in the last 20 years were



1. Alastair McAslan 2010 Organizational Resilience: understanding the concept and its application <http://torrensresilience.org/organizational-resilience>

difficult for most to foresee. For example, who would have thought even 5 years ago that it would be a vehicle and main channel for information about healthcare throughout Africa or would spawn a vast industry of micro-financing in central Asia.

## Complexity and systems thinking: a useful frame

The terms – chaos, turbulence and disruption have their origins in science and mathematics. Turbulence is a term familiar to physicists describing fluid dynamics that portrays seemingly random variation in time and space – where order and disorder exist simultaneously. An ice-block melting on a bench is a good example; the boundary layer comprising of regular ice crystals and melted water co-exist in a constantly dynamic relationship.

The development of complexity science and systems thinking (in particular, complex adaptive systems theory) provides an alternative non-linear way of interpreting complex interactions between parts of a system and its environment. Complexity theory has been useful in a better understanding of ecological and social systems (such as organizations). It can lead us to think of an organization as not separate from, but in a dynamic interplay with its environment and elements of the larger system of which it is a part. The usefulness of the complexity frame for better understanding organizations has emerged over the last 30 years and now informs management and leadership thinking in the 21st century.

## Responses to turbulence and disruption

What happens to organizations and leaders when faced with disruption, turbulence and chaos? Responses are not much different to those we observe in ourselves and others who



face significant disruptions in life, such as, the death of a loved one, a change in fortune, a significant health event, or starting a family. It often involves an emotional and existential reaction to what is a physical or system turmoil.

In many cases it is hard to predict that such an event was about to occur, or if to some degree it is planned for (such as starting a family), then the reality of the change is hard to predict – such as in the case of the new sleep-deprived parents who try everything they can think of to calm a newborn – without success! So too where the turbulence is unforeseen, as in the case of a wife whose husband is knocked off his bike whilst out for a weekend ride and is left severely incapacitated as a result.

## Public sector

No organization, public or private, small, or large, non-government or non-profit, is immune from turbulence. In public sector organizations

turbulence is manifested in many forms - from political interference, changes in government priorities, greater demands for different services, pressure to do more and better with less, and the list goes on.

The most vulnerable of these organizations are often large and at a mature stage in their development.

They generally have a successful history of providing a high level of service to governments and community over many years. There is a high level of expertise within such organizations. These factors can trigger resistance to losing what has made them successful in the past – often that which has been hard won and enabled them to achieve high levels of efficiency and effectiveness.

Due to the stability of organizations over long periods, many within have weathered similar turbulence and change before. A pattern or mindset develops that if change is ignored,

passively resisted, or reluctantly complied with then the change will be unsuccessful, and there will be return to 'how it has always been done'. In the words of Pete Seeger,

*"To everything, turn, turn, turn.*

*There is a season, turn, turn, turn"*

## **Listed companies and global corporations**

Equivalent responses can be observed in private sector organizations. For example BHP Billiton's recent recommendation to shareholders to demerge South32: if agreed by the shareholders, it will trigger a divestiture of some of its mining and manufacturing assets into a separate company. For some in these organizations, it will strike at the heart of their identity and create significant turbulence and uncertainty.

Yet, in truth, disruption rarely sneaks up on



organizations. We know from studying complex systems that change is non-linear, due to the network of connections and feedback loops. Often it is a failure to read the signs, particularly those coming from the periphery: leaders miss these weak signals at their peril.

Scott Anthony illustrates this well by his study of the newspaper industry<sup>2</sup> in the late 1990's; an industry that totally under-estimated the commercial take off of the Internet and the emerging new advertising models embodied in the likes of Google. They were lulled into a false sense of security by their still reasonably healthy balance sheets, until in the space of a few months revenues plummeted like never before. Anthony goes on to point out that the average life of a Fortune 500 company is now less than 15 years.

The implications for leaders and leadership of organizations in a turbulent environment are

2. Scott Anthony HBR 28 Jan 2014. <https://hbr.org/2014/01/when-rising-revenue-spells-trouble/>

significant, indeed huge! On many occasions the pressures from outside violate deeply held organizational and personal values and show little respect for experience or expertise.


Often Senior Executives attempt to protect their people from the excesses and worst of the turbulence and seek to provide a safe and more stable environment within which people can perform and deliver (using tried and true processes). In the face of uncertainty, inaction is more often the choice, and in facing risks the more likely approach is one of managing the risks.

## Internal Turbulence

Turbulence or disruption not only comes from outside forces: it can also come from within. Take the case of a newly appointed Chief Executive, someone previously unknown to the organization. The Board or recruitment decision-makers may have deliberately sought "a new broom"; an agent of change. How he or she goes about the "sweeping" with the new



## EQ Scale (modified from Jack Gibb)



Environmental Phase	Primary Energies	Secondary Energies
EMERGENT	Involvement	Feeling of freedom, cooperation, community sharing, broader outlook
PARTICIPATIVE	Consensuality	Loyalty, collaboration, persuasion, need to influence, belonging
ADVISORY	Perspective	Vision, sense of relationship, cognitive focus, scientific views
BENEVOLENT	Nurturing	Nurturing, caring, parental feelings, obligation
AUTOCRATIC	Power	Obedience, sense of responsibility, status, sense of authority, need for order
PUNITIVE	Hostility	Retaliation, jealousy, guilt, need to punish and be punished, rebellion
CHAOS	Fear	Anger, dread, flight

broom will dramatically determine the level of turbulence.

Another form of internally induced turbulence arises when the organization or system of which it is part has become so inefficient and inert that radical re-organization is required. This is true of the health systems of Australia and may soon be required of those in the UK. Again, the manner in which the transformation is undertaken will directly affect the level of resultant turbulence.

It is easy to rationalize the disruption attendant on either of these internally induced forms of turbulence as a necessary cost of the radical transformation required. This form of primitive logic does not accord with experience: we are aware of examples in both the health sector in the UK and the steel and alumina industries in Australia where radical change has been undertaken and those affected welcomed and participated in the disruption to produce more effective and more satisfying workplaces.

Unsophisticated leadership of internally induced change generally exacts a high but unnecessary cost, often similar to turbulence

created by changes externally. As outlined in our paper **Transition: Blindspot of change**, management and unmanaged transition dynamics may allow for survival of the change, but is unlikely to result in a thriving organization.

## Choices for leaders

Leaders and architects of change face a significant choice at such moments ... do they actually wish to maintain or enhance the organization's level and quality of functioning by the manner in which they engage in the change, or do they wish to degrade it? Stark words, we know, but this choice is made every time a leader chooses a particular form or manner of change.

### Trust

A pioneer in humanistic psychology, Jack Gibb describes the evolutionary stages of organization development<sup>3</sup>. His EQ scale reflecting this (known as Gibb's Environmental Quality scale for organizations) provides insight and a guide for leaders who wish to build organizational capacity to embrace change.

3. Gibb, J R 1964. The Theory of Group Development and Trust Formation

(Table 1) - Levels on the scale are synonymous with trust: the more trust in an organization the greater the capacity within an organization to survive and thrive in times of disruption and turbulence.

Elliot Jaques<sup>4</sup> , whose theories of organizational development run counter to many others, and who would be seen at the other end of the spectrum to Jack Gibb in his thinking on organizational design, strongly advocates for building trust into organizations through how they are structured. He says that,

*“organization structures that support mutual trust are good for efficiency, good for people, good for the nation”.*

**Build moats versus open doors**

Ralph-Christian Ohr<sup>5</sup> outlines characteristics that better position organizations to survive or maybe even thrive in turbulent times. He presents an interesting comparison represented in the chart below showing characteristics of organizations that are better placed to deal with turbulence in their environment (A), compared with those that are often seriously impacted by turbulence that they didn't see coming. (B) Another view suggests<sup>6</sup> that for organizations to be innovative in response to



4. Jaques, E 1997. Requisite Organization  
5. Innovation in Organizational Culture (<http://timkastelle.org/blog/2015/02/innovation-and-organizational-culture/>)  
6. Rohan,R.L The corporate view of a vestigial tail. [https://medium.com/@rl\\_rohan/the-corporate-equivalent-of-a-vestigial-tail-dd265b5b9b5f](https://medium.com/@rl_rohan/the-corporate-equivalent-of-a-vestigial-tail-dd265b5b9b5f)

Organization A	versus	Organization B
Break rules and dream		Excel at your job
Open doors and listen		Be loyal to your team
Trust and be trusted		Work with those you can depend on
Experiment and iterate together		Do the job right the first time
Err, fail and persist		Strive for perfection
Pay it forward		Return favors

turbulence, then these characteristics should co-exist in creative tension and be integrated through on-going dialogue.

This struck a chord for us at Dalmau Consulting: we have observed these characteristics in organizations with whom we have worked. Many have either ignored the signals or not been able to read the signals of potential disruption or indeed, adapt quickly enough.

Trying to maintain 'control' in a chaotic and turbulent environment quite often only makes the situation worse. Trying to build political or social moats to protect the castle is equally futile.

It is somewhat curious to us that such times seem to produce defensive stances among leadership teams, or cliques and sub-groups in top teams as those who understand the seriousness of the situation are excluded from power "in-groups", sometimes called purple circles.

### Downsize?

In times of turbulence a common response to for leaders and organizations is to lay-off staff: downsize. Much of the airline industry in the United States post 9/11 adopted this strategy. Detailed analysis<sup>7</sup> has shown that a strong commitment to employee retention, coupled with financial reserves (low debt and good cash position) allowed companies like Southwest Airlines to be the most resilient airline, as measured by its stock price recovery post 9/11.

Resilience in nature and in organizations is predicted for by the greatest amount of 'redundancy' that is within the system, This seems counter-intuitive to rationalists wedded to streamlining and efficiency.

However, as shown in the US airline industry post 9/11 the more options (personnel and financial) that you can retain in the system the more resilient an organization or system.

## Adaptation and resilience

Whether through a behavioral humanist approach (Gibb) or a rationalist approach (Jaques) in order to position organizations to adapt to, and be resilient in the face of, turbulence leaders need to focus on **all** ways they can facilitate, support and encourage the building of trust within their organizations.

Currently, the management literature is littered with calls for leaders to create 'adaptable cultures', on the assumption that cultures can be created; a highly questionable premise.

Clarion calls for more proactive and resilient organizations abound.

*"It isn't just about getting through crises; a truly resilient organization has two other important capabilities – the foresight and situation awareness to prevent potential crises emerging; and an ability to turn crises into a source of strategic opportunity."*<sup>8</sup>

Ohr suggests adaptive response patterns are needed in the face of turbulence and notes that "adaptability is the pillar of successful organizations". Organizations need to adapt to the external forces at the same time as building resilience and capability in their people.

Organizational and individual resilience is now a fundamental and explicit requirement of the modern organization that seeks to thrive. Tools such as risk management and continuity planning are still useful in this context, but do not go far enough.

As outlined, many of the disruptions come from the external environment over which leaders of organizations have, by definition, no control. Other than monitoring the key issues and trends that may impact on the organization, and the perceptions and values of external stakeholders, the question remains,

– what specifically is it that leaders can do?

7. <http://articlescoertvisser.blogspot.com.au/2007/11/organizational-resilience-in-times-of.html>

8. <http://www.resorgs.org.nz/Content/what-is-organizational-resilience.html>



## Strategies for leaders

When faced with chaos and turbulence often - less is more. What follows are just five really practical and effective things leaders can do to position their organizations, business and people for inevitable disruption so that they can persist, adapt and transform, in other words, thrive!

- Understand the nature of systems and turbulence, and the natural human and organizational responses to turmoil, chaos and disruption
- Keep connected and alert to what is going on at all levels – outside and inside the organization
- Create, and revisit frequently, strong shared values (and the meaning attributed to them)
- Foster self-organization
- Review, repurpose and reinvent at least as frequently as major change events occur

## Understand the nature of systems and turbulence

Awareness is the first step to learning and change. Therefore possessing a view of organizations as complex adaptive systems

(CAS) can give guidance to leaders and organizations facing turbulence. Additionally, knowledge of the natural responses to disruption and chaos can reassure and provide options and insights to leaders. It is incumbent upon them to have a broad and up-to-date knowledge of systems theory and its application to social groups and organizations.

There is a plethora of material available on these subjects and a good place to start would be reading widely. Books and papers by David Snowden, Frijof Capra, Meg Wheatley, Roger Lewin will give a good foundation. Tim Dalmau has written much that can provide additional practical application of complexity theory to organizations. Our paper, ***The Middle Ground: embracing complexity in the real world*** provides some useful insights and further references to help build understanding of systems and their responses to turbulence.

## Keep connected and alert

Strong fluid relationships and connections by leaders across the boundaries of their organization and within them are paramount. Being attuned to people and parts of the system internally within an organization is not enough.

Strong connections and relationships externally are vital, even if it 'feels as if' the behaviors, values, beliefs and expectations from outside are threatening. Steven Shorrock reminds us<sup>9</sup> however that for a leader or manager, to act in a way that appears to run contrary to the prevailing mindset within their organization risks mental conflict, frustration, isolation, ostracism, immobilization, ethical dilemmas, and rejection. At such moments hard personal choices appear on the horizon of our thinking.

For all of this, let us not forget that the reality of life: leaders and managers are mostly working in a system of constraints and are required to make trade-offs to resolve conflicting goals with limited resources.

9. <http://www.safetydifferently.com/if-it-werent-for-the-managers/>

In recent times Dalmau Consulting has observed just such behaviors and responses in several organizations. In one public sector example, rapid and penetrating changes were made to the senior leadership team and below.

For some time Executives had been walking a fine line between pleasing political masters and protecting staff and programs from the destabilization of what seemed like politically driven whims in an effort to modernize and have the public sector perceived as outwardly focused on community needs and not on what 'experts thought best'.

In these circumstances it is more important than ever to foster strong relationships and connections across boundaries, approaching

them with a curiosity to listen and understand what is said and unsaid, assumed or implied; seeking to elicit what is really driving the behavior that may seem so threatening to them and their organizations who have performed so well (and continue to in their own eyes).

It is well known that strong connections and relationships are essential in positioning for influence. Additionally, being able to respond with a whole range of solutions – with ideas and approaches that may have not been considered before is critical.

It was hard to listen to the Chief Financial Officer of a global corporation recently lamenting the fact that the CEO of one of his subsidiaries believed that the current go-to-market strategy was sufficient in the face of a 12 month revenue loss exceeding 30%, and that his strategy did not allow for reconsideration, despite a national downturn in their sector. Images of Nero fiddling whilst Rome burned came to mind.

Embracing this type of situation requires leadership and organizations to create the conditions for creativity and innovation, which while they may pay lip-service to these characteristics they now need to actually reward risk-taking and experimentation, personal initiative, quick decisions-making and execution. In other words - they need to create the conditions inside their companies to adapt to the turbulence.

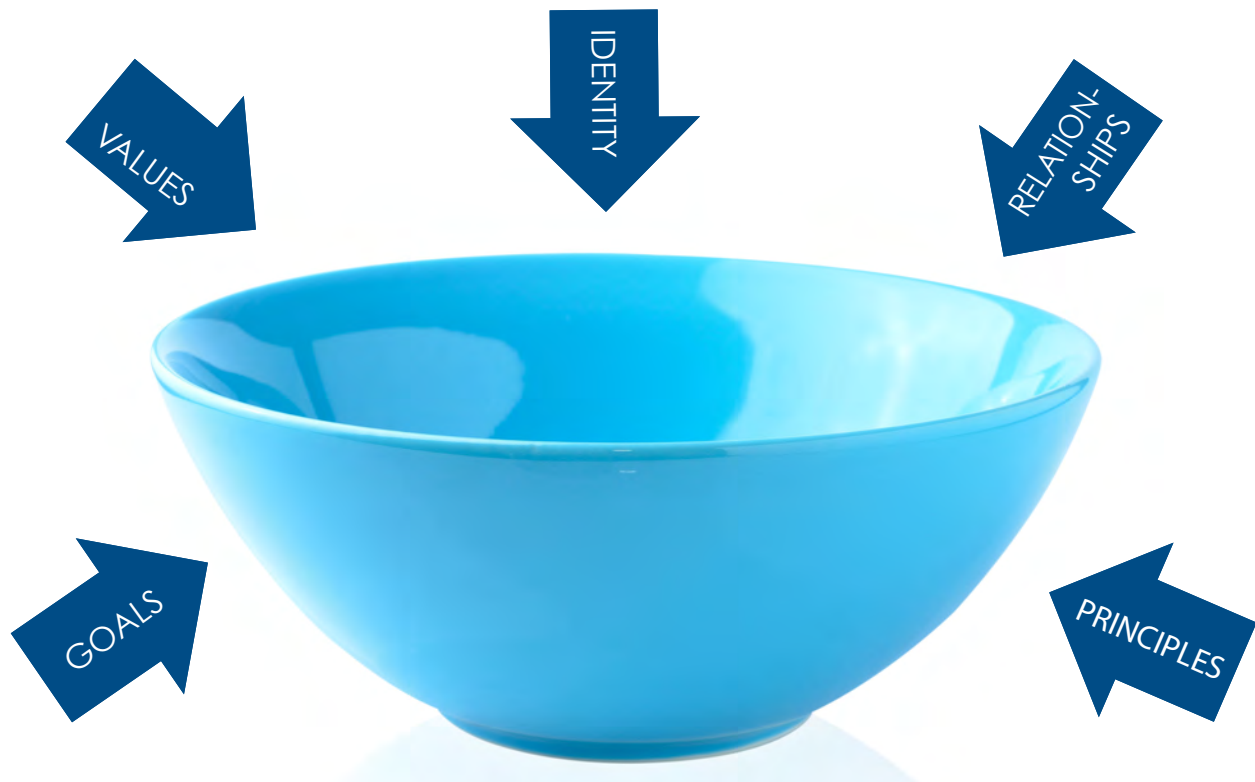
Engaging in meaningful ways with people and parts of the system, both internally and external to organizations will substantially contribute to them becoming flexible and adaptable to rapid and unpredictable change.

### Focus on values

*"Values...are the glue that holds organizations together when confronted with chaos and the need for change" <sup>10</sup>*

10. Dolan, SL Gacia, S, Diegoli, S and Aurebach, A . *Organizational Values as "Attractors of chaos."* <http://www.econ.upf.edu/docs/papers/downloads/485.pdf>





The bowl is the container in which self organization occurs

Creating the opportunities for frequent and deep conversations about shared values and direction at all levels of an organization builds an explicit set of shared priorities to guide decision-making, behavior and strategy.

The values need to be translated into social contracts that spell out the behaviors to be promoted and those to be avoided.

One of the big questions in complex systems theory is - in what circumstances can order result from the random interaction of multiple agents? The place (or conditions) that give rise to a steady state at any moment in time in a complex 'landscape' is known as an 'attractor'. Using the complex system frame for gaining insights into organizations, it is the core values of an organization that act as attractors. The values provide stability and order in what is otherwise perceived to be a chaotic or random situation.

Tim Cook, the current CEO of Apple, said when

questioned about the future of the company and what will change post Steve Jobs,

*"We changed every day when he [Steve Jobs] was here, and we've been changing every day since he's not been here. But at the core, the values remain - the same as they were in '98, as they were in '05, as they were in '10. I don't think the values should change. But everything else can change.. ." <sup>11</sup>*

## Foster self-organization

Self-organization is a hallmark of a complex adaptive system, but self-organization needs a bounded area in which to function. If we use the analogy of a bowl it is the role of leaders to ensure that the bowl is created and maintained to contain the self-organization. The bowl is 'defined' by the shared values, principles, standards and intention (goals), relationships and identity (who are we, and how and why

<sup>11</sup>. Tim Cook on Apple's future: everything can change except values (2013) <http://www.fastcompany.com/3042435/steves-legacy-tim-looks-ahead>

we find ourselves here?) of the group / team / organization.

With encouragement and reward for experimentation, learning, and embracing diversity of people and ideas, then self-organization can flourish. Coupled with a few simple rules, especially related to streamlined decision – making, creative and flexible organizations that are adaptable in the face of rapid and large-scale change can prosper.

## Re-view, re-purpose and re-create

The four strategies canvassed thus far will not be effective without a frequent revisiting of the organization's purpose and goals, and ways these can be achieved (i.e.strategy). Scott Anthony's analysis of the fate of the newspaper industry when overtaken by the Internet revolution and the emergence of social media indicates they not only under-estimated the scope and scale of the impact on their businesses, but also failed to review, repurpose and reinvent their business model.

It is a critical role of leadership to foster conversations continuously and extensively about what the organization is about, its role in a changing world and where it is heading. Through such conversations a strong, fluid and responsive unity of purpose and direction can be achieved. From these, a strategy to thrive can emerge.

## Reprise

This paper describes the chaos and turbulence facing leaders of so many organizations, and common reactions to the ensuing disruption; sometimes threatening the very existence of their organizations or businesses.

Feeling overwhelmed, confused or disempowered in the face of change is a common reaction. However, it is hoped that the five practical suggestions for leaders contained in this paper, namely,

- to understand and learn about complex systems, and how this knowledge can provide insight into what is going on for you,
- keep connected to people within your organizations, alert to their issues and to the values and issues for stakeholders, markets, customers and suppliers,
- focus on values, to provide stability and guidance, and
- foster self-organization – giving the flexibility and creativity required
- review, repurpose and reinvent the goals of the organization, frequently

to allow the organization to work with the turbulence, be resilient and find new and different ways to thrive.

Jill Tideman, April 2015



**Dalmau CONSULTING**

PO Box 283 Samford Village  
Queensland 4520  
Australia

Tel: +61 7 3289 2133  
Email: [info@dalmau.com](mailto:info@dalmau.com)

[www.dalmau.com](http://www.dalmau.com)

