

Then and Now:

The Impact of Change on Organizations

The world is changing faster all the time. I read an article on innovative products coming out of China. Some were trivial but some were amazing. And they all remind me that people generate innovations. If you add a billion people to the pool of people who are thinking about how we could make socks, or toasters, or cars more useful or fun, you are going to get a lot of new ideas. Even if only a few of them catch on, they are going to drive the speed to change. And, of course, it's not just China. Everyone has got the idea that innovation is important and more companies, governments, and universities are investing in research and labs than ever before. I read another article about a new hi-tech center in Africa that was churning out new companies with new software innovations. More people, more perspectives, more needs, and more change.

A few decades ago, when I was a young manager, I read books on positioning and strategy that all suggested that if a company thought things through, developed a sound strategy and an excellent operational base, it could count on milking its market position for decades. Research showed that leading Fortune 500 companies, once they established dominance in a market, could hold it for decades. By the same token, young managers expected to find a solid company, work hard, and rise through the ranks, creating a rewarding career. That was then. Today, the pace of change is such that any smart young executive should plan on working for several companies in the course of his or her career. Indeed, if he or she is really sharp, he or she will plan on working for several companies to learn about business and then get involved with a startup, create a new business, and then quickly sell it and move on.

Today, even the largest companies find their product lines popular for a few years and then find themselves scrambling to release the next new thing. Younger, more innovative companies, find themselves struggling to release the next new thing in months. Apple consistently rolls out a new iPhone every year. Some of their competitors are releasing new smartphones with new feature sets every few months.

Some companies track their innovation. They keep track of the income they receive from products released within the past year, or perhaps two years. If they are getting less than half their income from recently released products, they worry that they are falling behind the innovation curve for their industry.

Nothing has changed more than the role of information technology (IT). In the 80s, IT was still conceptualized as a support service. Departments had goals and IT provided services to support departmental goals. Different departments obtained different software to help them with their specific concerns.

In a similar way, business process people were often located in personnel departments and focused on analyzing processes to identify people problems. If delivery was slow, one checked to see what the employees were doing to slow things down. If errors were present, one checked training to see if employees were being given the right training.

Today, IT – or at least the senior executives of IT – are key members of the executive suite. When an organization thinks of improving its processes, it asks what new technology is available and what options for automation can be utilized. Increasingly, business strategies are simply the realization of the application of a new technology to the business. One company used to publish music CDs, but has now changed its business model and sells its music in a digital format. Another organization used to have stores throughout the US, but now sells its products and services from its website and ships its products on demand. Still another organization used to manufacture spare parts. Now it sends digital blueprints to customers who create their own spare parts, as needed, using 3D printers. The key to understanding these new business models depends on digital formats and the willingness of customers to use them.

Then (Organizations in the 80s)	Now (Organizations in 2018)
Identify a Positioning & Business Model and use it for a decade	Identify a Positioning Strategy & Business Model but be prepared to change it almost immediately
Annual strategy review	Quarterly strategy review
Employees pursue careers	Employees gain experience and then move on. More and more temporary employees or subcontractors used.
IT is a support service	IT becomes key to realizing strategic possibilities
Process analysis about identifying people problems	Process analysis about identifying automation possibilities
Focus on long term customer satisfaction	Focus on pleasing customer with new innovations

Table 1. Some differences between companies then, and now.

Today, process people are much more likely to be located in the IT department and focused on how they can insert new technology in existing processes, or, better, on how they can eliminate current processes and replace them with entirely automated systems.

A few decades ago, a middle manager wrote memos to communicate with his peers or his superior. Today, she is more likely to send an email to document anything needing documentation.

To make matters even more complex, we are entering an era of meta-automation. A few years ago manufacturing organizations focused on automating production lines. We've all seen photos of robots assembling cars with hardly a human in sight. In the Nineties it was popular to refer to factories with this kind of automation as "lights out" factories. Today, cutting edge manufacturers are using more flexible production machines and still other computers to control them. Instead of building a production line to manufacture Toyota Camry's, one builds a line to manufacture any of several types of Toyota cars. Then managers can program the line to manufacture 10 red Camry's, followed by 10 of another type of car, and then followed by 50 of still another car. In essence, one is building flexibility into the automated systems so they can be tailored to rapid shifts in customer demand.

Thirty years may not seem like a long time to some – it's less than the time commonly termed a generation – but it's led to a nearly complete change in the way managers and employees think about how business functions. Gone are the days when one created a product, built a business, and lived with it for 30 years. Today's world is totally dominated by change – and not just change, but rapid change. Today's business people, be they managers or employees, need to think about things in a very flexible manner. Today's products and services won't be next year's products or services. If they are, they certainly won't be next decade's products and services. One's a lot safer thinking about how to be part of the change process than focusing on how to be part of the existing process.

There's nothing wrong, for example, with talking about a business process architecture. But if you work at a large organization, and think that developing a good business process architecture could take two or three years, you should start by asking how likely it is that the organization will still have the same processes in two or three years. Do you want to tie yourself to a project that will be out-of-date before its finished? Consider documenting the core business process of your organization.

Or simply consider a single process improvement project. Will that business process still be the same when you have finished documenting it? It might be safer to think about how you could improve the process than to focus on documenting it. You'll certainly be better off if you focus on simple documentation methods that zero in on problems that can be changed quickly rather than focusing on documentation methods that take months or years. No one in senior management imagines they can make money by creating documentation. Improving products and services improves the bottom line and you will get a lot more recognition for managing that.

Change isn't going to stop. We've all got to learn to continually learn and adapt to new ideas and technologies. And if we are going to prosper, we are going to learn how to develop work habits and processes that take change into account and assure that we are part of the change process.

You can imagine new technologies automating all manner of work – but you can't imagine new technologies that survey all the changes taking place and come up with new business models and new ways of helping customers accommodate change. Jobs that help facilitate change are the safest jobs I can imagine.

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