



Confronting the terrifying reality of change

Anyone being interviewed for a management position who was so unwise as to admit that they are bad at handling change, would be extremely unlikely to get the job. Even if the position was with a very conservative, traditional organisation, they would be short-changing themselves from the point of view of landing the appointment. For even a highly traditional organisation will face serious change in the modern business world and is highly unlikely to want to employ people who can't cope with that.

And yet, any candidate who 'did' admit to finding handling change difficult would deserve credit for telling the truth. The truth is that handling change is difficult for everybody. No matter how talented one might be at business, no matter how much one's training has instilled an awareness of the importance of flexibility, there is no avoiding the fact that change is at best disconcerting and at worst frightening.

Why? Because, simply, change is by definition an alteration in the status quo. And because only fortune-tellers have crystal balls – and even theirs aren't particular reliable – we cannot predict the future apart from in a very general sense. We are simply unable to know whether the new status quo will be something we can deal with. Oh, of course, we can say that we are confident we can deal with it. But we can't know this.

A Rational Fear

And so fear of change is to a large extent rational. Almost the only case when it is to some extent irrational is where our current status quo is so appalling that any change is welcome. In practice, though, even where people are experiencing an extremely unpleasant status quo, a business situation, for example, where the business is barely solvent and creditors are knocking on the door – there is no guarantee that a change will improve things.

For managers, fear of change is something that preoccupies them mostly at a professional level, but change does of course occur in personal life too, and personal change provides analogies which help us better understand the challenge of change in a professional sense.

Obviously, many types of change in personal life are seen as inherently desirable, otherwise people would never get married, move house, go on holiday, have a baby and so on. But as everybody knows, these changes of state do not, sadly, always lead to greater happiness. There is no avoiding the fact that change is dangerous, with its danger stemming from the risk that it involves.

The great French writer Flaubert once advised aspiring writers to run their lives in orderly and methodical ways so that they may be bold, creative and daring in their art. With this advice in mind, it is interesting to observe that many of the world's most successful business people and other high-achievers are actually very conservative in their domestic arrangements. It is as if they instinctively know that confronting change in a business or other career environment requires great energy and effort and they know they need to conserve this.

No Avoiding Change

Unfortunately, however, we can no more avoid change than we can avoid those other great inevitables: death and taxes. We cannot simply bury our heads in the sand and pretend either that change does not happen or that it does not matter to us.

Businesses also consume things even when they are apparently maintaining the status quo. Even in that state, they will consume labour, fuel, money and raw materials. A business that isn't consuming those things is not going to be trading, and consequently is not going to be a business.

But maintaining the status quo and doing the commercial equivalent of treading water, while it involves consuming resources, bears no resemblance to a business that is totally geared to action in responding to opportunities in its market. Looked at another way, a business that is only treading water is, in most cases, more likely to start sinking than to stay afloat. Again, an analogy can be drawn with personal life.

Not A Spontaneous Process

One might argue that organisations are always evolving to meet the needs of their marketplace. Of course, the best organisations are always evolving in this way, but this does not happen spontaneously, any more than a successful individual's rise from poverty and obscurity to wealth and fame happens (usually) through some spontaneous process. The evolution has to be planned, managed, implemented and monitored. Managing change in business is a serious matter.

How does your organisation decide whether it needs to change at all? Well, the right decision is unlikely to be reached by a committee sitting around a table and pondering various theoretical issues. Change is much more urgent than that. The ability of a business to win, maintain and look after customers is also a fundamentally precarious business. Customers are fickle: why should they bother placing business with you unless you have a tremendously good proposition to offer them? Nor can an organisation assume that just because it has been brilliant at meeting customer needs in the past it will automatically be able to continue to do so in the future.

Sometimes, of course, an organisation puts a change into effect which actually is harmful to its market share. Remember Coca Cola and the drink it launched with the new flavour? Once

the public had expressed their – literal distaste for the new beverage, Coca Cola put a new emphasis on its original drink and even gave it the name ‘classic’. Who has seen or tasted the new drink in recent years? The mistake Coca Cola made was a classic example of how not to manage change. Change must derive not from a personal whim of a company chairman, or from someone on the board having read something in the weekend Financial Press and brooded on it until Monday morning, or even from the organisation responding to what is a mere passing trend. Change must come from one thing and one thing only: customer needs.

Fickle Customers

Customers are fickle, and never more so than today. They are all too aware of their power and of their importance to the organisations which try to sell them products and services. This fickleness expresses itself in many ways. For one thing, customers always want a better deal. They themselves do not necessarily want to be supplied with something they had in the past. This is why so many organisations strive to offer new products and services even when they already have many successful ones out in the marketplace. This is why organisations will try to add enhancements, even if the underlying product or service remains fundamentally unchanged. A popular brand of car, for example, might be sold with a better engine or a wider choice of customisable features. A popular make of breakfast cereal might be offered at the same price with ten percent extra cereal in the box. True, there are some areas where customers are famously conservative. Well established and well loved food and drink brands, for example, are notoriously dangerous areas: people get used to a particular taste, like it, and feel betrayed if it changes. But this is very much an exception: there are few other areas where customers are innately conservative.

Faced with fickle customers who are able to obtain products and services not only from a wider range of delivery channels (the Web for example), but also from rival organisations, businesses must confront the constant need to energise and delight customers with the quality of the new deal that is on offer.

What precisely this new deal consists of will vary dramatically from one organisation to another. For some, it may simply be a significant price reduction which leaves the competition stuck on the starting-grid. For another organisation, it may mean broadening the range of what is on offer to include completely new areas.

Traditional electricity suppliers, for example, are now selling gas and vice versa. They have cottoned on to an on-the-face-of-it obvious point: if you are taking the trouble of delivering one utility to a customer, why not exploit your customer mandate and try to sell other utilities too? Ultimately, an organisation’s variety of customer offering should only be limited by two factors: the organisation’s imagination and the customer’s need. But the customer’s need is what matters most.

And of course, this process of expanding into new areas is as terrifying as all change inevitably is. You have to be prepared to confront the unknown. You can never be certain that the new venture will succeed: all you can do is to take every step to know as much in advance as you possibly can. The question of speed to market is obviously of great importance here. My belief is that success in this respect is not so much about being first off the base – the number of dotcom start-up failures, for example, show that rushing in can be lethal – but about getting the right balance of information. You have to be prepared to go into areas that don't have absolute answers and be ready to confront the unknown. Waiting for one hundred percent certainty may slow the initiative down to the extent that it risks ceasing to offer a significant competitive advantage. It is all a question of balance: balancing the need to get the new offering out in the marketplace with the need for some caution and enough knowledge of what you are doing to be reasonably confident of making it a success.

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