

How to Survive a Chainsaw Massacre – Rapid Change Management. The conference organizers have asked me to speak on last resort change management, when all other processes for whatever reason have failed to achieve the desired outcome. In normal circumstances change management is the process by which reasonable modifications to a system are implemented in a controlled manner within a pre-defined framework. But what happens when the change is too complex or there is just too much resistance from stakeholders, or indeed when you are no longer in control of the system. How do you deal with the resistors and how do you bring about the drivers for change in these circumstances? How do you shift the goal posts when you are not in control of all factors? To a certain extent business is constantly striving for continuous improvement but it obviously has to be sold to the workforce. The workers have to see where the train is going before they will get on board. Otherwise it is just a waste of time, sometimes with blood on the floor, staff turnover and loss of corporate knowledge. Having been involved in Crisis Management for several years now we have seen many situations where resilient companies have been able to adapt to and overcome adversity and some situations where others without such resilience have folded and gone under. Resilience to rapid change has taken on a new meaning in business where companies put people first, plus have diversity available in their business model plus they coordinate effectively external parties.

The only constant is change itself. There is hardly a company today that is not undergoing some form of change. Indeed some seem to be in a constant state of flux as the normal way of doing business with the new generation of workers changing careers every five years or less. Whether business is sustainable under these conditions or robust enough to survive the knocks, only time will tell. However what can almost certainly be predicted is that with little control over the workforce, business will have to be very cognizant that any head-on approach is unlikely to be effective. Workers are not likely to agree with simple management calls for increasing shareholder value in the future. Other catalysts will need to be sought which are not solely or overtly driven by the market. It may well come back to good old leadership and the physical, mental and emotional concern for ones employees.

Crises are a turning-point, especially in relation to disease or a moment of danger or suspense in politics and commerce. It comes from the Greek word *krino* to decide. Under these circumstances I believe that preparing for Crisis Management is an ideal vehicle for preparing companies for any form of change because the capability empowers employees in a team environment with problem solving and decision making authority often well in excess of their pay grade. It gives them responsibility in excess of their normal levels and it builds a management in depth capability. From this perspective, simply preparing for rapid change situations creates an environment whereby the entire organization from the Chief Executive to the Receptionist becomes agile and empowered in changing circumstances.. So what does this mechanism look like and how can

you use Crisis Management as a tool to bring about or survive rapid and uncertain change?

Prepare for Crisis. It is part of business. For change leaders and change navigators just like crisis managers the issue is often about things you cannot necessarily see. Visualize a fog, some 3 kilometres across. Change management is about finding a new way through. Similarly Crisis management is about getting up into the air and seeing that that the fog is only 3 kilometres across in one look. This is vision. Just as business thrives on instability, the best companies these days practice Crisis Management to keep in business no matter what happens. These companies recognise that they cannot afford to be without it. Crisis Management is planning for what you do not yet know, in the same way that funds are given to NASA because we don't know what we don't know. It is a process of change which underpins the future, and not the past. It is about exploiting the opportunity of the open paddock beyond, rather than just fixing the hole in the fence. Just like in car racing, if you feel everything is under control, you are not going fast enough. It does not mean that you are going to crash, its just that you are not going fast enough. For this reason you often have to go fast to be on the front of the wave to lead in business

Environmental pollution, Product defect, Unwanted takeover, Sabotage Death of senior manager, Kidnap of senior manager, Computer breakdown, Industrial dispute, Fraud When we run simulations, we always ask for the profiles of commercial exposures and operational risks so that we can build scenarios around credible events or issues that are likely to bring about rapid change. Have a look at these; indeed in past years this is what companies thought they should prepare for.

White collar crime, Labor disputes, Company mismanagement. Now have a look at this. This is what actually caused just about every corporate crises in the western world during recent times.

Sexual harassment, Class action lawsuits, Executive dismissals, Hostile takeover. And this is what research has found. These are the growth areas for crises. Interestingly almost 50% of Australian companies have experienced sophisticated economic crime, theft and misappropriation of assets over recent years. *(Point)*How does this compare with drivers of change in your organization?

Darwin Simulations are designed as much to highlight catalysts for change as they are to solve them. A petroleum company who occupy the same building as a US Consulate, prudently practiced a building evacuation. It too over two hours to regroup their staff as it is not possible to muster everyone in the street after an inner city disaster. A leading bank practiced the loss of their main processing centre. The CEO announced this problem at a routine monthly meeting and the team swung into action. A very impressive performance with key executives in the UK and New Zealand, and another sick in bed all contributed to the

development and implementation of strategy under pressure. In planning this activity we learnt the greatest lesson. The processing centre resembled Fort Knox, but we were able to walk around the corner and prove that it was possible to enter through a section on non-armoured glass. More importantly we learnt that while all of the banking transactions could be cutover to another facility within an hour, the technology could not allow this to be reversed. Their plan was based on a one-way solution and this finding saved tens of thousands of dollars. Among the large companies we work with is one that chose to practice a raid by a regulator over allegations of misuse of market power. It had actually happened to a competitor, and so they prudently went about exploring their response should it happen to them. It is always valuable benchmarking to compare and contrast the vulnerabilities of different companies. The top risks for an international oil company are the loss of just one trader, and oil spill to state the unusual and obvious together. Their commodity traders are so commercially skilled, that they are not easily replaced, and the loss of market share is potentially huge. As far as oil spill is concerned, how much planning is enough? Well, it was decided that as long as they spend more than their competitors, that this was enough. Australia's national health benefits scheme decided to practice their national response to the outbreak of an Avian Influenza pandemic which had been transmitted human-to-human. They very quickly found themselves totally dislocated as office quarantining provisions and social distancing struck home but had preplanned how to managed to operate the business in a virtual mode and thereby maintain critical functions.

Opstal A mining company went through a demerger and found itself an attractive takeover option, and as a consequence it produced a hostile takeover contingency plan. One does not often come across that sort of business change. A large football stadium practiced its response to the evacuation of a jam-packed stadium in the aftermath of the rupture of a gas pipeline and proved that they could regain control of the pandemonium. Another international company has a problem with the distribution of illegally imported true products, and the distribution of false products which almost constitute 40% of their market. That is a perilous situation to be in, you must admit. Another top company we work with was very concerned about senior leadership succession issues, and decided to conduct an insider trading scenario to see how the management team would react when one of their fellow members was arrested as a result of a Stock Exchange investigation. It is very hard to prove these situations, but none the less there was much blood spilt on the boardroom floor, and a plan is now in place. It is no wonder that Director Insurance premiums have gone through the roof. It can work in your favour sometimes though, like an international construction company who found it was able to justify a reduction in other insurance premiums through active crisis prevention.

Wetware. Ladies and gentlemen this is wetware. This is the process by which the companies I just described went about responding to the situation by finding the facts, checking and double-checking the facts to identify the stakeholders and issues, and then developing and implementing strategy under pressure. There is no other successful style of management when you need to engage multiple

stakeholders simultaneously, and for which failure is not an option. To respond to change within stakeholder deadlines, information is your most important resource, truth is your most important value, and speed is your greatest enemy. The transition from reactive back to proactive management, requires highly disciplined team sessions, interspersed with timeouts to engage stakeholders. *How many of you are familiar with this style of problem-solving in response to rapid change?*

High achievers such as elite athletes use affirmation and visualization where they state out loud or picture in their minds every day what it is they are trying to achieve to help fulfil their goals Having advised many companies battling with rapid change, we see some who are apprehensive about transitioning from line management to crisis management. This is a manifestation of their resistance to change but there is no leverage in that. Just as change is about the future, so is crisis management about getting back to the future. Crisis Management is looking for the location and challenges of the next jungle, not just sharpening the machete, nor checking the compass for the current one. Successful crisis managers will use such expressions as 'it will be this way' or 'I see it happening this way' in articulating strategy. Whatever the nature of the change, you must maintain your ability to keep thinking, and not become entangled in anxiety that threatens to overtake you. You must develop a solution, and articulate it through leadership. Anxiety is contagious but so is calm. Panic is contagious and so is leadership. The successful management of rapid change calls for people with answers, decisive strength, and a clear vision of the future, people who know where we ought to be going, people who can make hard problems seem simple. In short, leaders! Even confronted by monumental change instincts can be our undoing as studies on how we process information indicate that our wetware requires up to ten seconds to process bits of complex information. If you add more stress, coming from pressure of various types, the slower the process becomes. If we are not prepared for the possibility, when faced with rapid change our brains slow down just when we need to move much faster.

Why do flight attendants shout orders to passengers repetitively? This situation explains the urge to do nothing in the face of rapid change. For example when people are asked to evacuate in anticipation of a natural disaster most people confer with several sources such as family, media and officials before making a decision. Such milling is common. People caught up in threatening circumstances fall into three categories. Ten to fifteen percent remain calm. Another fifteen percent breakdown although panic is usually isolated and controlled by the team around them. The vast majority of people remained stunned and bewildered. About forty-five percent of people shut down and stop moving or speaking for thirty seconds or often longer when asked under pressure to perform unfamiliar but basic tasks. They cease reasoning effectively and just sit there. It seems incredible that people are hard-wired to do nothing in the face of significant change. It is for this reason that people behave much more

appropriately when they know what to expect. This is why simulations provide organizations with a powerful means of bringing about change. Because of the potential effects the best companies constantly strive to successfully manage rapid change. An important aspect in accomplishing this outcome is fostering leadership and a culture of deputies; the single-most critical factor in determining whether the crisis will be controlled or the change successfully brought about. These managers of change have the crucial role of developing and implementing strategy under pressure with simulations providing a controlled and focussed environment in which to practice.

Recognition, Notification & Activation, Problem solving & decision Developing & implementing strategy Communicate! Communicate!

Communicate! Return to Business as Usual Simulations are an effective means of predicting future performance in people by providing stimuli that people react to behaviorally and this behavior can be observed. Accepting realism and feedback is key to effective preparation. In developing the important instinct to act, it is accepted that people behave the way they prepare. So it is critical to practice problem-solving in a simulated environment incorporating real-time high stress levels underwriting the procedures leading towards resolution and beyond. Simulations with extensive realism and feedback are the key. The leader will then identify groups and organizations that will help them to overcome problems. Most people are not prepared for being trapped in a burning building however to a fire fighter it is all in a day's work. How does the leader know that they can perform? The only way to know is to practice. Teams that specialize in crises use scenario practice to enable them to manage the stress of an actual crisis. Managers and emergency services all use war rooms or scenarios to hone and test their skills. Therefore leaders train to push past analysis paralysis, to give them the confidence to take charge and communicate in a convincing way to all stakeholders. This is accomplished by establishing vision and communicating it. Hence you can build confidence in people about change by training and drilling before the change. Critical tasks and leadership procedures are drilled repeatedly until they become instinctive. This is the procedure is the process by which a leader establishes vision and communicates it. The best plan never survives contact with change but simulations can effectively prepare people for the stress of change.

Critical Thinking, Multitasking, prioritizing and delegating, Remaining cool under pressure, Making tough choices, Empathizing, Making quick and effective decisions

The fundamental job of the leader is to sell vision and enforce strategy and to resist leadership compression, the human tendency to want to micromanage change. This is about horizons not borders. This is about solutions not differences. This is about challenges not barriers. Leadership or its lack is often the most critical factor underwriting success or failure in managing rapid change. Success is more attitude than aptitude. So when do you act immediately and when do you delay your decision making? Perception-based retrieval of situationally appropriate responses is the dominant mode of

responding to rule-based decisions. That means you act as you train. It is a drill. However choice decisions are more complex than rule-based decisions. The need to integrate information and draw inferences places a large demand on working memory, a process that is subject to stress effects and least amenable to a recognition-primed process. Creative problem-solving is needed when no response is readily available as a standard procedure, no guidance for handling a change problem is to be found, and when the leader has not received training for the situation. Analogical processes maybe required in these situations.

Decision making Under Stress, Actively Collect Information, Passively Defer Decisions, Assumption Based Reasoning No single theory of decision making can ever hope to fully capture the complexity of the mental processes engaged in by a decision maker confronting rapid change. However there are three ways to cope with uncertainty that blocks or delays action. You can actively collect additional information. You can passively defer decisions until additional information comes in, or you can fill in gaps through assumption-based reasoning. With these approaches you can continue to acknowledge uncertainty, you can ignore the uncertainty or you can deny any distorting knowledge, or you can generate alternatives. Such critical thinking is not always appropriate. Unless the risk of delay is acceptable, unless the cost of an error if one acts immediately is high and unless the situation is non-routine or problematic in some way the decision maker should probably act immediately. There is no doubt that critical thinking training can improve the accuracy of assessments. Recognition skills can be taught and that is the whole purpose of simulations.

How do you develop high quality, high fidelity rapid change simulations for organizations? It is true that human beings will remember close to ninety percent of what they experience, as opposed to more like ten percent of what others tell them. Hence stressful simulations have a powerful, bonding effect on companies when people are empowered with personally owned experiences. The extreme leadership experience becomes embedded in the corporate knowledge base, and it enables organizations to simultaneously handle risks and seize potential opportunities. The experience also engenders management-in-depth, as deputies are often allocated responsibility in excess of their usual range. Simulations generally last less than half a day and are terminated when the leader is implementing strategy. In designing the simulation, the purpose is to create stimuli that evoke the perception of rapid change and that allows a space within which the participants can react and provide behavioral responses. The goal is to create a realistic situation that is representative of the type of rapid organizational change that people will have to handle. The crux of bringing about change is to provide a capstone event that allows people to reflect on experience. To achieve change people need to become used to the dislocation of expectations over time.

The Known, The Unknown & The Unknowable Scenarios should have commercial twists and turns so that they are more than operational events. For

example they could pose continual moral dilemmas and the threat of the press and public opinion for each possible course of action. The scenarios should encompass known concerns, inevitable and unthinkable events, with and without an emergency dimension. Scenarios require strategy to be developed for a host of change issues. There needs to be orchestrated confusion to force the participants down branches and sequels in its deliberations. Hence scenarios are prepared so that people are forced to think about the future and not the past. Typically rapid change comes from cash flow, Industrial Relations, public perception, top management succession, sudden market shift, product failure, adverse international events, regulation and deregulation issues.

The darkest corner in hell is reserved for fence-sitters. **Dante** The changing situation should be realistic and engaging. People need to feel the heat. It cannot be a cool, rational, cognitive simulation. The emotions of being confronted by change must be activated. The consequences of the situation must be as real as possible so that participants experience stress. Actions and decisions should not be transparent. It cannot be so obvious that options become a single choice. Participants must be able to respond in many different ways with many different subsequent outcomes. There must be problems for each of the possible choices. Introducing new information, surprises and turns of events is a good way to achieve realism. These continual twists and turns over time are how rapid change often unfolds. Background information is often necessary to place the scenario in context particularly if there are to be limitations on resources to handle the situation such as information, people and technology. There must be an allowance for effective people to do well in a simulation. It is important to minimize no-win scenarios otherwise they are self defeating. While the usual aim for simulation is to build management capability and confidence, performance can be and often is measured across both personnel and procedures through peer and benchmark review, and against extant change plans. Typically a successful simulation is one in which the teams have demonstrated the ability to regain control and begin to plan effectively for the future. This will often come through the sometimes uncomfortable process of exposing vulnerabilities and deficiencies in accepted procedures and at times even in staff. Psychological and not just physical fidelity is important.

Using Crisis Simulations as a Catalyst for Change Change Managers like Crisis Managers are not paid for the routine work they do today, but rather for what they might have to do in the extraordinary circumstance that is tomorrow. Like change management the art of crisis management is the ability not only to contain the issue when it arises but to take the organization past any advantage line and transform the organisation post-crisis or through the change. Hence leaders in companies facing change need to be big-picture, people types who use power and passion to turn the camera on in people's minds. These leaders must maintain their ability to think clearly during rapid change rather than becoming swept up in the panic of change or resistance to change. Theirs is the

crucial task of developing a strategy aimed at resolution, and of articulating it to their organisation through displays of leadership in the workplace. D