

Unknown Unknowns: Managing Change in Uncertain Times

Who would have thought that Donald Rumsfeld's oft quoted statement on managing 'unknown unknowns' would have become a popular mantra in today's chaotic times. Here, Philip Atkinson and Daniel Burger offer some tools and methodologies that may give us back a semblance of control in the organisations of today which will, through 'self-renewal, reinvention and resilience,' become robust organisations for tomorrow.

When this pandemic is over, things will change for business and organisations, but no one can be sure how things will evolve. What we have to be sure of is developing the mindset and strategies to cope with the changes that are taking place in the economy and how business is transacted. Many are asking what to do. We have no answers until we can prioritise the questions that have to be posed for individual organisations.

The article does not provide a prescriptive blueprint of how to manage these changes. It does, however, explore some of the methodologies that may help in managing change to create confidence and certainty for the future. Brief reference will be made to the current state of our economy as we face a climate

of 'fast-breaking news stories' with situations and position changing hourly. What we think we think we know today is being clouded by inaccurate claims, dubious statistics and fake news. This creates unnecessary anxiety and tension, and confuses what we thought we knew yesterday, with what we learn from the reality of our tomorrows.

Rumours, gossip and public or private announcements from crucial individuals, politicians, institutions, public and scientific bodies, and both serious and red tops media are contradictory. Who knows how things will evolve?

We want to be clear that, although this article was written in May 2020, we want to ensure that the content is still relevant to you whenever you read it. It is essential to outline some of the

fundamental changes that may be taking place in the broader economy and business environment to prepare to deal with them once things return to some form of order.

Later, we will be talking about some of the tools or methodologies that will help support this transition of self-renewal and they include:

- Leadership
- The Knowledge Matrix
- Developing the Vision to KPI of implementation
- Managing Emotional Resilience

Initially, let us look at some reasonably loose predictions of how things could evolve. The shock and impact of the virus and the subsequent lockdowns will have a devastating effect on all sectors of the economy. It will take years before we can assess the real impact directly and indirectly on how we do business. What we are aware of is that a return to normality in short to medium terms is less than guaranteed.

Reality and personal uncertainty

The world will be an entirely different place with pessimism replacing optimism, lockdown, social distancing, straining welfare and health care systems, business failure, potential large-scale unemployment, redeployment of labour and restructuring in all sectors of the economy.

Emotionally it is not a good time. Individuals and their families are reacting in a myriad of ways, generally with positive intent. Compliance with social distancing has been a relative success and better than anticipated. People and their families will be much more risk-averse, with social distancing becoming the norm at work and with a shift in family values as to what is most significant to us in our lives.

As most of us will be worrying about our futures, our careers and how we will manage our lives and our incomes, we can imagine that stress and tension are going to become dominant traits within our country and in society.

Leadership in decision-making

Now, like never before, we need strong leadership to enable us to meet the challenges ahead. The problem is, we are going through a chaotic and unpredictable process of change, and we do not have any form of a road map. We have no way of knowing whether or not what we are doing is right. At the same time as not knowing what to do, indecision will not support us in shaping a future for self or the organisation.

Organisationally, until you make vital decisions, nothing happens

In major upheavals, we need fast-flowing factual and accurate information, we need collaboration and debate, but most importantly, we need to make decisions. We cannot procrastinate. We have to make the most informed choice we can in the time available.

Strangely, we find that many organisations are not so great at making decisions at any level. Many can make short term tactical decisions, but the decision-making required today will determine whether the organisation will survive in the future. Decision making has to engage with core constituencies and

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stakeholders. The 'decision-making' process can and should become much more robust.

Decisions vs prevarication

For those leading our organisations the pressure will be intense. They will need courage to make difficult and unpopular decisions at times. They will not take all their stakeholders with them, but organisational decision-making should enter a new era of collaboration where it may have been less so in the past. Decision making as a process is key to moving forward. It is a vital process which must have direction and accountability using RACI.

Engagement does not happen by accident. It can be a quick and clean process by adhering to the RACI model and can radically speed up slow-moving bureaucracies or those more used to working in stable business environments.

RACI: Speeding up decision-making

Responsible	Those who are responsible for undertaking and completing the work. It includes a variety of people at different levels and functions who have to coordinate and complete the task
Accountable	Those who are ultimately accountable for the task or activity. The buck stops here
Consulted	Those who have to provide input, data or opinion which is central to the task
Informed	Those who need to be informed of progress, decisions taken and task completion. It may include data and process flow

RACI improves decision-making at strategic, functional, tactical and operational levels. It is an amazingly simple tool and one that can be shared quickly, identifying blockages and challenges in vital change projects.

Leadership will determine the degree to which you will succeed or fail

Strategies available for influencing and forming a strongly focused performance culture require concentrating almost entirely on the leadership within the business. In post 2020+, we have to rethink our capability to operate in a highly unpredictable and hostile environment. It is valid for all sectors which have some extremely challenging decisions to take to structure their organisation for the most significant change they have ever witnessed.

Leadership is vital

Leadership is talked about a lot but practised infrequently. We know it is critical in challenging times because 'without leadership, there is no change'. We can design and implement change programmes, but unless they are driven with a focus, determination and passionate commitment, they will not succeed and generate the outcomes required.

Leaders, not managers

Many staff need to see their role differently if they are going to make the necessary transition in the business. The biggest challenge is to turn the existing team 'managing' the business, towards leading and growing it.

- Leaders have vision and direction. Managers control and administer. Which of these will cause the needed changes to take place most successfully in your business?
- Managers tend to be short-term orientated. Leaders are future-oriented, independent, have strong opinions and make things happen.
- Knowing how the world is changing, who do you want leading the vast majority of your business, and providing demanding customers and end-users with the service required?
- Today's organisations need staff with a transformational mindset and skills
- Determine what leadership style works for business organisations which adopt this approach
- Commit to your top 25% of people becoming masters of change and innovation.

The Knowledge Matrix

Donald Rumsfeld, (former US Secretary of Defense) introduced us to what we term the Knowledge Matrix at a Defense Department Briefing in February 2002.

Known Unknowns Things we are aware of and do not understand	Unknown Unknowns Things which we are neither aware of nor understand
Known Knowns Things we are aware of and understand	Unknown Knowns Things that we understand but are not aware of its impact

This Matrix is useful for senior leadership teams to apply to strategic and critical operational decisions. Problems or challenges can easily be placed within this Matrix and shared



with the leadership team. We have used a similar methodology to develop strategic direction for a variety of large organisations where service and operational delivery became a considerable challenge.

Domain of Knowledge	Characteristics
Known Knowns	Facts and requirements. No risk here – these can be managed
Unknown Knowns	Hidden facts. Untapped knowledge not available to you but accessible via others
Known Unknowns	Known risks. Classic risks are predominant. You can access the knowledge and assess the probability of occurrence
Unknown Unknowns	Unknown risks. You and others don't know about it, so you must research it

So as a business organisation...

- What are your unknown unknowns that could impact your relevance and survival in the future?
- Would the areas you are focusing on be on other people's radar?
- How much strategic thinking time are you giving to those three core quadrants that could provide significant threats and opportunities in the future?

This tool is useful for scenario planning and helps you plan a vision for your future organisation which you can use in the Vision-KPI Model below.

Developing the Vision to KPI of implementation

We need a structure upon which to implement any form of radical change such as organisations will be undertaking. It is a good idea to start with the 'big picture' and then work down through the organisation. We call this the V-KPI© model, and it has evolved since working with various organisations such as General Electric, Volkswagen Financial Services, Aviagen, CNH Global, GE Capital, Diageo, RSPB and others across all sectors.

The model is driven by understanding that every organisational or business goal must start with a vision or a picture of what it is you want to be, do or have. Success post-2020 will not be a matter of luck, accident or default but will be the result of purposeful leadership behaviour with strategic goals in mind.

Why do it?	Defines your organisation's vision, leadership, values and culture
What is it?	Prioritises CSFs, (Critical Success Factors) Goals and Objectives
How to do it?	Energising both culture and behaviours
Who does it?	Leads to the systems, structure, processes and people

Organisations do not transform their operations by accident

Those leading our organisations will need [the] courage to make difficult and unpopular decisions at times.

nor do they attract the best people and leaders by relying on the old ways. Consider the following:

Vision and leadership

Where are you currently as an organisation, and how are you going to get where you want to be? What is the gap you have to traverse between now and the future? Do you have the internal capability to manage that transition? As a business leader, you have to assess the degree of transformation that will take you from where you are currently, to your true potential, a journey of enduring and sustainable success in as short a time as possible. What is the 'big picture' you are determined to create? What will be your organisation's core mission and how will it differ from today?

- What do we want to be, do and have? How has this changed from your pre 2020 role and ambitions?
- Are you still relevant to your service users, stakeholders and customers?
- What are your revised strategic goals?
- What are your core organisational goals, and how do they differ from pre-March 2020?





Vision and values: shaping a new future

Today, a major challenge for many organisation, is winning the hearts and minds of its people to focus on achieving a new vision. The purpose of any senior leadership team should be to communicate the intent of the organisation, the strategies to achieve its goals, and to create the culture where behaviours practised result in goal achievement being automatic and the norm.

Culture: focus, energy, alignment

It is a good idea to assess the health of any organisation by measuring the effectiveness of three fundamental concepts in organisational development: 'focus, energy and alignment'. Every business needs a strong 'focus' and direction. This should be communicated to all staff and is probably the 'raison d'etre' of any manager's or leader's role in winning and motivating others to commit and engage with contributing positively to this corporate vision. A company without 'focus' will waste resources and cause confusion and ambiguity. As well as 'focus', an enterprise requires 'energy' – from a high calibre of leaders who are willing to develop innovative strategies to engage with staff at all levels. Finally, the organisation needs processes to ensure that the 'alignment' of directed 'energies' impacts directly on the speedy achievement of results for the business. Self-assess, on a scale of one to ten, how your organisation is doing. How well is the new 'focus' and direction shared across your organisation?

Immediate concerns post-2020+

A vital issue that an organisation needs to address is, are we currently fit for purpose? Are we still relevant as a business and to clients? Can you maintain your business model in delivering to your client or customer base, or do you need to transform your thinking? Are you providing value? Some organisations may only have to tweak one or two areas, but many will have to reinvent themselves completely.

A useful exercise to undertake is to use risk assessment or vulnerability analysis addressing where you are most at risk and then take action. It is a lengthy but straightforward exercise that requires input from the top two or three layers of management and engagement with people selected from diagonal slices of the organisation, Focus Groups as well as questionnaire analysis with customers, clients, suppliers and staff. It is a robust process, and we can see many organisations pursuing that route in the months and years ahead.

Characteristics of a strong vision for a business

- Intensely customer-focused at key touchpoints
- Challenging and stretching
- Inspirational and enthusing
- Encourages a passionate commitment to go beyond 'business as usual' (BAU)
- Emotionally bonding at a team level
- Simple to articulate, straightforward in communicating with others

Strategies available for influencing and forming a strongly focused performance culture require concentrating almost entirely on the leadership within the business.

- Evolving and not frozen in time
- Provides a rationale or motivation for change and improvement

Values and culture

As a concept, organisational culture is much misunderstood in business transformation. Culture is just as vital as strategic thinking. There are some issues you may want to consider to shape your future:

- What culture would best represent how your business works? How can you create it?
- What core values drive your business re the customer, client and stakeholders?
- How can you guarantee that your core values drive specified behaviours?
- What do you need those cultural characteristics to be?
- What are the dominant leadership values, and how will they take you towards your overall vision and building the culture to support it?

Critical success factors (CSFs) – priorities, goals and strategies

Managing your CSFs is a vital aspect of organisational change. To what extent do your old CSFs and your current CSFs match? CSFs could differ quite markedly and seriously impact your structure, key roles and deployment of critical resources. They will be positively shaped by vision, strategic imperatives and the ambitions of the leadership team. CSFs are vital in supporting

you in moving from your strategic aims to operational reality.

- Simply stated, what CSFs are crucial to projects and process improvement post 2020+?
- Do all staff understand how CSFs translate into priorities and the goal-setting process?
- How are CSFs for critical projects and processes measured and inform KPIs?

Behaviours and actions

Until behaviours change, nothing changes. All will have to behave differently if an organisation has to undergo massive organisational change. Decide what will be the core behaviours that drive the new, transformed, organisation and ensure they fit with the other logical levels within this Vision-KPI®. Translate the values you have articulated into core behaviours, and build these into your leadership and your performance management process.

- What core behaviours are critical to shaping your organisational renewal activity?
- What core behaviours are to be encouraged and which halted and abandoned as being too bureaucratic or slow to deliver results?
- What are you going to get people to start, stop and continue doing?

Structure, process and role

Strategy always determines the structure and how you deploy your resources. How much change can you take? What impact will changes have on the structure, the systems, job roles, core processes? Do core processes have to be redesigned completely?

- How can you ensure that your structure is sufficiently flexible to adapt to changes that arise or are imposed upon you by external factors?
- What processes, currently underperforming, put your business at risk?
- What core processes add value to the end-user, and are they delivering precisely to the client?

KPIs – key performance indicators

- Individually and collectively, KPIs provides feedback indicating whether or not the organisation is moving closer to meeting customers' needs and demands.
- Have you translated vision into KPIs for critical processes, tiers of management, functions, teams and people?
- Does the measurement of KPIs matter? How effective are they in feeding back to your business plan?
- How effective is your KPI process at improving actual performance?

Managing emotional resilience

We can commit to strategic thinking and apply Vision-KPI, but that does not guarantee that we will be successful when we introduce any changes to our operations. Are we managing the process well with our teams and our people? We have been ushered unwillingly into a new age where uncertainty is rife, and volatility in the market is the norm. As well as introducing needed organisational change, we have also to instil confidence,

engagement and compassion with staff.

In all honesty, most organisations do not have a good track record of managing change. Research in organisational development suggests that 90% of strategic and culture change initiatives fail to achieve their objectives. The success rate of new businesses blossoming from merger and acquisition activity is also pretty dismal. We have to commit and guarantee that if your organisation is currently at risk you install the required changes so it will prosper post 2020+.

Resistance and ownership for change

You may well have witnessed change initiatives being introduced into organisations, but seen little positive impact on performance, operating efficiencies and results. We are aware that change in our large institutions such as healthcare, government agencies and large conglomerates is often tricky. Sometimes, it is the scale and scope of the organisation that stands in the way, or the organisation does not have the capability or, an inability to manage any form of business transformation well. And yet 'change' will not go away. All state organisations, Government agencies and departments, Healthcare organisations and public services are going to have to confront their reality as do those in the commercial and the third sector. Organisations will need to develop an attitude and a methodology to master and drive change. In the worst-case scenario, a failure to do so will result in issues concerning business continuity or a less pessimistic state of poor implementation, failing performance and declining morale and motivation in people, and ultimately disappointment for customers.

Issues to be addressed

Any significant commitment to change must address a variety of questions. Here is a sample of some of the most probing questions which support the preparation for implementing change.

Attitudes to change

- What is the vision for change? Does the leadership team agree with it? How well is this shared with direct reports, middle managers and the whole organisation?
- What understanding do core constituents and stakeholders have about how to implement necessary changes?
- How will leadership build readiness and promote the acceptance of change?

Conditions

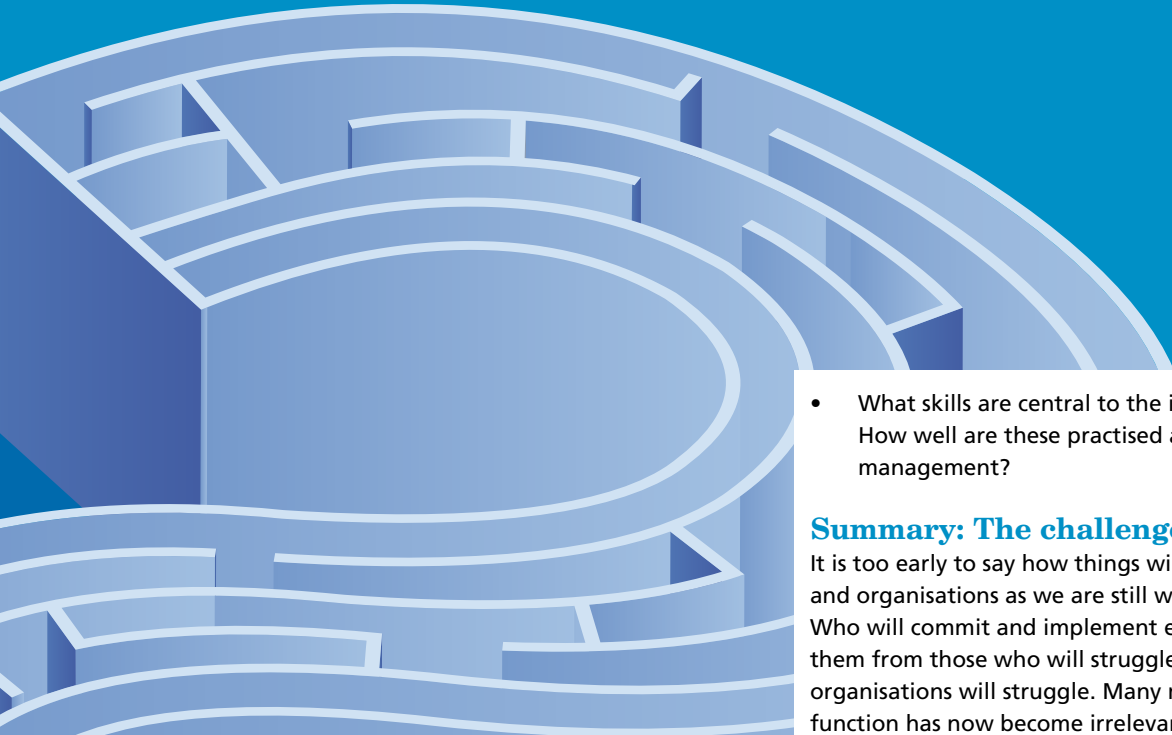
- How much change activity is successful and how well is it being controlled?
- How does the organisational infrastructure support employees in their engagement with change tools and techniques?
- What can HR and L&D do to better support line management in implementing change?

Resources

- Have clear signals been communicated throughout the business?
- What methodologies and frameworks exist to support the move towards the required change?



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- What skills are central to the implementation of change? How well are these practised amongst different levels of management?

Summary: The challenge to lead change

It is too early to say how things will change for our businesses and organisations as we are still working through the crisis. Who will commit and implement effectively? What separates them from those who will struggle? What is clear is that many organisations will struggle. Many may find their role and function has now become irrelevant in their marketplace. Many will have to take the strategic view and take a long hard look in the mirror to see whether they pass the 'fit for purpose' test. The brave ones will rise to the challenge.

Can they, and will they, use the same business model operating manual as they did in 2019? What has changed for them and their marketplace? How can they revitalise and renew themselves? What are the most significant changes they will have to endure, and do they have the capability to resource and manage that change?

For those who have to reinvent themselves completely, they should make use of the essential tools we have outlined.

Leadership – This is the engine that drives success. If you have poor leadership, then you cannot expect to break new ground. The quality of leadership will determine the ability to dive deep and change and drive the culture, which will power performance and survival.

The Knowledge Matrix – Using the Matrix will flesh out the most critical issues that need resolving. This process requires strong facilitation and unorthodox strategic thinking, which many organisations do not display currently.

Developing the Vision to KPI of implementation – Utilising the model supports creative thinking and disciplined implementation of change. It ensures that actions are logically and sequentially implemented. This model incorporates both rational thinking and using innovative tools for mapping out vision, values, leadership, culture and behaviours.

Managing emotional resilience – Finally, managing the welfare of people and teams is central in making change a reality.

It is vital to consider running a health check or organisational review throughout organisations to gauge where they are most at risk. To do so is a wise investment in the future, and a clear signal to your people and customers that you are continuing to provide good quality service for many years to come.

About the Authors

Philip Atkinson specialises in strategic cultural and behavioural change. For the last 25 years, he has been engaged as a consultant supporting organisations in strategic development, leadership, organisational design, post-acquisition integration, Lean six-sigma, quality management and culture change. He has partnered with a variety of blue-chip companies in industries ranging from pharmaceutical to genetics, the automotive sector to finance and banking and from NHS bodies to Local Authorities and the Third Sector. He regularly presents at conferences and workshop sessions and has written seven books on change management. His articles, books and blog can be accessed on www.philipatkinson.com Philip is also of Director Learning Strategies and Philip Atkinson & Co. Ltd Tel: 0131 346 1276 M: 07779 799286 and can be contacted on philip@philipatkinson.com.

Daniel Burger is Chief Executive of Magen David Adom UK, the UK fundraising arm of the Israeli Red Cross. He has a background in Non-Profit leadership following a career as a buyer at Marks & Spencer and Primark. He believes in disrupting traditional thinking to drive success in the Third Sector and is passionate about rejecting red tape and bureaucracy.

Daniel has spoken at conferences and runs workshop sessions. He can be contacted Tel: 020 8201 5900 E: danielburger@mdauk.org