

Crisis to Opportunity: Learning to Ride the Winds of Change

By Donna Stoneham and Mac Carter, August, 2001

The Chinese word for “crisis,” “we’iji” consists of two ideograms: “*danger*,” originally pictured as a man on the edge of a precipice, and “*opportunity*,” a reminder of the seemingly small but important opportunity that can come out of danger. Translated into English it means, “*A crisis is an opportunity riding on a dangerous wind.*”

As leaders of organizations, we are riding on dangerous winds. There are but two certainties in this chaotic world we’re living in. Rapid change triggers crisis and crisis brings uncertainty and more change. One of the most powerful questions we can ask in times like these is, “*How can we use this crisis of economic downturn as an opportunity to build a solid foundation to support our future growth?*”

In their 1994 ground breaking research on successful companies who have weathered the winds of change for more than fifty years, Stanford researchers James Collins and Jerry Porras surveyed over 700 CEO’s of US based companies looking for “timeless management principals of visionary companies. From the nominations of those CEO’s, they selected eighteen visionary companies and eighteen comparison companies to study.

Their research showed that visionary companies are, most of all, *highly effective organizations*, rather than institutions based on a particular personality, the products they produce or the services they provide. Secondly, they

found that visionary companies prosper over the long haul, through multiple product life cycles and multiple generations of active leaders. Third, these companies display remarkable resiliency in their ability to bounce back from adversity. Fourth, in addition to being considered the “best of the best” by industry leaders, they have attained extraordinary long-term performance, out performing the comparison companies studied by six times, and the general market by a factor of fifteen over the past fifty years!

What differentiates these visionary companies from the rest of the pack? Collins and Porras found that every one of them had developed an exceptionally strong foundation that helped them weather the storms of change and cycles of uncertainty they faced throughout the years. Their leadership teams all established, nourished and modeled a clear and compelling sense of purpose, core values, vision and mission that provided the loft that helped them navigate and sail through the dangerous winds of change. Not only did the foundations they created serve to chart their course, they learned, over time, how to adapt to the winds of change faster than the competition!

Unfortunately, for most of us, change is uncomfortable and illusive. It’s simply not something we can wrap our arms around and “manage.” We’d rather hope our problems will simply go away. But the winds of change are here

stay, blowing more voraciously than ever. For most leaders, turbulence and crises are perceived as threatening, problematic situations fraught with danger and uncertainty. Most management teams hunker down and shift their focus from growth to survival. Few see turbulence as opportunity for creativity and growth.

Consider this fact: research shows that 60-70% of organizational change initiatives fail or seriously fall short of expectations. From our perspective, the source of this pattern reflects an inadequate understanding of what drives long-term success in organizations – *CULTURE*. It's easy to aim our energy at people, strategy, structure, systems and processes. However, that's like putting a band-aid on a gaping wound. It may slow the bleeding momentarily, but it won't get the job done. What many leaders fail to appreciate in turbulent times is how to use their "dangerous" situation to expand their organization's capacities, skills and comfort levels to understand, nurture and champion change.

Arie de Geus, past V.P. of Strategy at Royal Dutch Shell said it well, "*The ability to learn faster than your competitors may be the only sustainable competitive advantage.*" The first step toward faster learning is by understanding there are four kinds of change: linear change, process change, reactive transformational change, and conscious transformational change. The first two, linear and process change, represent simplistic models that work well in stable situations, but don't hold up well in turbulent times. The third form, reactive transformational change, is the most common. It's when external circumstances force a life or death

decision – either change or die. The fourth form of change, conscious transformational change, is the most powerful, most challenging and, potentially, most rewarding. This approach requires leaders to proactively initiate a rigorous process of learning to discover and adopt more effective ways of thinking, relating and working. This involves taking a risk by deliberately investing time, energy and resources, often in the face of danger, to create a compelling vision of a desired future state and then mobilizing the organization to fulfill that vision. This is the path of learning how to champion conscious, transformational change in ourselves and those we lead and manage.

As change consultants working with some truly successful, fast-learning organizations, we have observed the following attributes in executive leadership teams. First, there is a clear alignment on purpose, vision, values and mission. They know where they are going and why. Second, leaders in these organizations inspire people to action through personal example. Third, there is visible teamwork, cooperation and coordinated action that stems from a free flow of high quality information and feedback. This results in the ability to quickly surface, resolve breakdowns and execute decisions faster and more effectively. Third, there are positive rewards for risk-taking, learning and success. Finally, there is a unified culture demonstrated by absolute clarity among employees on "our way" of thinking, relating and working as an organization.

We have also learned that change resistant organizations persist in viewing change as a crisis. When these organizations come under pressure, there is an

increasing emphasis on a top-down, command and control approach by senior leadership. This just stifles creativity and innovation right at when it's needed most. Secondly, there is consistent under-communicating from the leaders to their organization, which defeats achieving a critical mass of understanding and alignment around what's needed to address the situation. Third, there tends to be a lack of alignment between what leaders say they stand for and their behaviors. Finally, there is often a lack of linkage between the organization's foundation (it's core vision, values, purpose and mission) and how operations are actually managed and performance is measured. The common result is a fragmented culture that generates confusion, fear, ineffectiveness and malaise.

In addition, we have learned a lot from working with fast-learning leadership teams. These people approach change as a personal challenge and a process of learning, rather than a heroic event or project. They foster change by creating and aligning behind a clear, compelling vision of the future. They find ways to engage the whole organization in proactively creating and nurturing change by strengthening coaching and feedback processes and reward systems. They actively seek employee involvement in designing and launching change initiatives and by celebrating accomplishments and learning. Finally, and perhaps most importantly, in turbulent times these fast-learning leadership teams rely above all on their core strength – a deep trust and belief in themselves and their shared vision, values and purpose as a foundation for driving strategic initiatives. They seem to know that staying true to who they are as people and what they stand for as

an enterprise will make the difference between success and failure.

In essence, these exceptional leaders teams know that walking their talk, especially in turbulent times, is the source of their resilience and success. They have learned to use the turbulence to expand themselves and the capacity of their organization to chart a steady course as they ride the winds of change.

Donna Stoneham is President of Positive Impact, LLC in Point Richmond, CA and Mac Carter is President of Turning Points, Inc. in Bellingham, WA. You may reach them at www.PositiveImpactllc.com and www.TurningPoints.com