

# THE MYRDDIN GROUP

## - CHAOTIC TIMES FOR PROMOTIONAL PRODUCTS COMPANIES -

Chaos theory argues that relationships in complex organizations are non-linear and are made up of interconnections that produce unintended consequences that render the world of an organization unpredictable. Like the butterfly effect, small random events can have enormous significance while large, focused, and well-funded initiatives can have negligible effects.

Can this theory provide a new, more accurate view for studying organizations in the promotional products business? Or is it something just for scientists, with no application to management?

In this article, the author shares his own experiences of several years with a self-organizing workforce and suggests that this new paradigm can be useful in dealing with the rapid changes facing promotional products supplier and distributor companies. A warning though; using this model presents an unmatched challenge for change agents in all types of organizations. The new realities differ dramatically from the past.

### **An Orderly Past**

When we entered the industrial era, the disciplines of the physical sciences led us to look at organizational success in terms of maintaining a stable system. If a crisis upset this state, the leader's role was to reestablish equilibrium. Continued disorder constituted failure. Stability was the measure of success for companies supplying and distributing promotional products. This led to pressures to create stability or at least the impressions of stability. How many of you have been in organizations where it takes the use of an anonymous survey to dig up the truth of what is really going on? People can be afraid to speak the truth and fracture the veneer of stability.

Those pressures can drag on an organization's performance because at a deeper level, everyone in that organization knows the reality and recognizes this cover up pressure for what it truly is, camouflage for the untidy truth of what is really going on.

### **The (not) New Nonlinear World of Work**

When the future is thought of as predictable, companies and organizations would do well to send their top management off on a retreat where they can visualize a future state and develop a long-range plan for getting there. In the go-go years of the nineties, pedestrian managements were able to be successful because of the strong economic tail winds of those times. Today's climate is more demanding and as the speed of change increases and as the complexities of the workplace expand there is a new model emerging that does not rely on a belief in a linear and predictable world and the myths of stability that go with it. It recognizes the chaotic truth as being normal and in doing so is in a far better position to deal with it. (This example is covered in greater depth in the article entitled *Trust and Self Direction* found in the articles section on this website.)

Now we are in the new millennium our current existence is complex to say the least. We face a discomfoting situation in the wave of paradoxes that now confront us.

Order will come from disorder but what is a manager to do in the meantime? The conflicting choices that are the essence of paradox make most people uncomfortable. It is human nature to prefer, even to expect certainty. Paradoxes threaten that view of a world order. A common way to handle this unpleasant state is to "fix" it. While working with promotional products clients to help them adjust to this new paradigm, the author is also recording the annals of organizations that were once there but have reverted to a linear and hierarchal management style. The early results of this undoing are showing a reduction in performance as measured in sales and profitability.

## **Chaos as Order**

About twenty years ago Tom Peters summarized the core of this situation in his book "Thriving on Chaos" when he observed that we spent the last 40 years teaching people to create order out of chaos but would have to spend the next 10 years teaching them to create chaos out of order. In fact, we have spent so much time teaching our organizations to be orderly that today many are unable to respond to the fast-changing environment. Nowhere is this more widespread than in managers' choice of order to the exclusion of disorder.

Tom Peters did not use the term "chaos" gratuitously. He was on the cutting edge of a new world order, one full of unintended consequences and counterintuitive outcomes. In a world like this, the map to the future cannot be drawn in advance. We can't know enough to set forth a significant vision or to plan productively. Chaos describes a complex, unpredictable, and orderly disorder in which patterns of behavior unfold in *irregular but similar* forms. Days cannot be predicted but seasons can. Every human being is different but we know one when we see one. In chaotic systems, order emerges. Structure evolves. Life is a recognizable pattern within never-ending diversity. On the contrary, when we try for orderly systems, chaos emerges from the unnatural linear structures and relationships. Remember, you will never find straight lines in nature.

## **Chaos as a Self-Organizing Entity**

Though irregular and unpredictable, the patterns that emerge from chaos have an underlying recognizable form. Chaos is actually constrained by the rules that govern it. While we can't predict the weather for each day far out into the future, we do know that the cold days of winter will be followed by the warmer days of spring and summer.

If we can identify the rules, we can forecast the conditions under which the chaotic behavior will occur. The common features found in patterns of geographical economic development suggest that they can be deliberately created; yet when governments attempt to artificially create these geographic concentrations, they often fail. One reason for this is that chaos is self-organizing. No government official was in charge of creating a high-tech industry. Silicon Valley "emerged." This is a good example of how unstructured self-organizing systems produce extraordinary effects out of chaos. The Internet is another example of a self-organizing system. No one is in charge of this enormous entity that is still in the process of developing.

Margaret Wheatley explained the self-organizing concept in simple terms: "Life seeks order in a disorderly way . . . mess upon mess until something workable

emerges." Where earlier views of the world impose structure on an organization from above, the biological model views the organization as a living, self-organizing system that is both complex and self-adaptive.

## **Four Dimensions of Preparation**

Chaos theory is ominously threatening to management and organizations, particularly to those that are larger and more traditional. There is risk involved in this concept of self-organization and the scope of the change it requires of top management may just be too great. The concept has a key audience however in the new, small entrepreneurial companies with workforces are made up of 20 and 30 year-olds who have no experience and little investment in the traditional ways of doing things. A parallel with promotional products companies suggests that the larger companies will have more difficulties looking ahead due to entrenched top management thinking. For those who wish to examine this phenomenon and challenge their own mental model, here are four dimensions of organizational leadership that we work with to help our clients prepare for this environment.

### **1. Manage the Change.**

First comes the change in top management thinking. The most important role managers have at this time is to lead people and their organizations through the transition from the world of order to the world of chaos. That's a mouthful considering they have spent their careers doing just the opposite. The process begins with letting go of the past "truths" and coming to terms with what is being lost. It means trading a comfortable, safe, familiar, and predictable business world for one that is unstable, unpredictable, and highly ambiguous.

Real change will not be that imposed by a management. It will come from below from people who are prepared and are responding to new and unexpected challenges in the marketplace. Managers have to prepare their people for this world where networks replace hierarchies. Preparation will be less from being prepared for a predicted future and more from preparing people to be ready for whatever the future has in store for them.

### **2. Build Flexibility.**

Chaos theory and emergent change tells us that the ability to adapt and to absorb *even more change* is what lies ahead. An important role for managers is to help people increase their capacity to bounce back no matter how intense the changes. Their job is to provide less direction and more counseling. This is a tough charter for management because change is the order of the day and they may never feel "in control" again as they seek "order in disorder."

At the same time they need to make certain that people have the skills they need so they are equipped to meet the challenges ahead. Never before has *training and education* been so important to the workforce and to organizations. As an example, Motorola, with one of the best training programs in the country, pushes employees to continually redefine themselves and how they do their jobs and requires each employee

to attend a minimum of 40 hours of training annually. One estimate is that 300 to 400 companies now have their own versions of corporate universities or learning centers.

### **3. Manage the Present and the Future.**

With the self-organizing principle of chaos theory managers have a critical role in seeing to it that the organization engages in enough innovation to keep it competitive yet enough stability to prevent its disbanding into total disarray. This paradox calls for agility on the part of managers. One approach to the challenge is to apply order, predictability, and stability to the daily business and disorder, unpredictability, and instability to future change. Have people in the organization on two teams: a Present Team, paying attention to today, and a Future Team, focused on tomorrow.

### **4. Maintain a Learning Organization.**

A major responsibility of managers will be to create the means by which everyone can be involved in continuous learning. Learning and doing are synchronous so people can learn in real time. Learning will be an explicit organizational competency as will the retention of experienced employees. When learning is an accidental byproduct of an activity rather than a central process, it is neither sustained nor does it get integrated into the business. It must be intentional. Managers need to establish an environment supportive of and conducive to learning. If experimentation, and risk-taking modes of problem solving are to compete with the rational, methodical modes, then the culture must tolerate failure and refrain from placing blame. The culture must tolerate conflict, people "pushing back," and a healthy debate around different ideas.

For suppliers and distributors in the promotional products business the evolving world of paradox calls for leaders who understand and accept the assumptions of chaos and complexity theories; leaders who know that messiness and ambiguity are part of the process of self-organization and self-emergence. Rather than attempt to manage through traditional systems and processes of control, their role is to be supporting with the proper resources and drive the creation of an appropriate culture. There's a new mental model of a leader suited to a world of chaos. Those who retain their linear-world view will find themselves leading their organizations like a pet goldfish into a pool of hungry sharks.