Compact Business Revolution Management

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Abstract
In this paper one particular part of the revolution journey, the subjectivity of revolution management and the influence that a change in leadership style can have. A framework is presented which explores the sense making and subjectivity of those involved in revolution management, and the close link between these and the positive and negative outcomes of the revolution process.

The paper sets out the research undertaken by the co-researchers and myself in one compact business over a three year period. The research shows that the coordination of group activities surrounding the revolution process is heavily influenced by dominant individuals, namely the founder and key senior managers. The negotiated sense making of the different groups is arrived at through consensus and based on the group's customer values associated with the revolution process. These customer values are closely linked to the group's aspirational expectations. But a gap was observed between the customer values (espoused and mental models) of some groups, and was linked very closely to their interpretation of the compact business market-oriented strategy. In managing revolution, it is important for all parties to understand the subjectivity of other group's value judgments. The research framework helped the groups understand the complex relationship between group's actions and the observed outcomes. It further assisted the groups in building their own skills and experiences associated with sense making during the revolution journey.

I. Introduction
        The research focused on revolution management surrounding one particular product revolution project, over three years. Relevant literature is presented to explore the links between the different research topics, and a brief overview of the research methodology is detailed. The research findings highlight some of the principal outcomes of the study. Finally, a summary is given of the principal outcomes and possible relevance to other businesses.

Sense making and Subjectivity in Revolution Management
        People strive to make sense of their world, by examining their past experiences and then evaluating these against their current needs and values. The resultant environment enacted by individuals/groups can be markedly different from those around them. This strong link between making sense and value judgments helps explain an individual's or group's interactional behaviors. The consensus on value judgments within a group also helps explain the group's activity and decision-making. The resultant belief systems are used by individuals and groups to interpret events around them and make sense of the world. This involves the formulation of mental models to represent these concepts, and the relationships between them. This then underpins their expectations about the likelihood of future events. This sense making of the action-outcome relationship and the resultant group learning outcomes provides a link between the derivation of a group's mental models and their future actions.
        Researchers studying cognitive psychology suggest that a person's behavior is based on his or her perceptions and beliefs regarding what will best lead to the desired outcomes. The relationship between action and outcome is based on these cognitive biases, on other individuals or groups involved in associated actions, and on causal ambiguities. This causal ambiguity associated with the link between actions and outcomes may be highly complex and very difficult to identify. But to identify it, we must help to facilitate sense making and to be able to perform the revolution task management. In this research we focus on the revolution process, and the understanding and sense making associated with it. Barnett &Storey noted in their research the differences and divisions between managers over the meaning, priority and expected consequences of revolution. This research together with that of Griffin and Hauser's suggests that rather than actual personality differences existing between individuals or groups, the barriers to communication could be a perceptual barrier based on stereotypes

or cognitive biases. These are the hardest communication barriers to remove or eliminate, hence the importance and value of understanding and building trust between groups. Another significant difference is the cultural thought worlds that these different groups are trained in. The cultural differences, say between an R&D and Marketing group has been well documented by researchers. These researchers have suggested that they differ overtime orientation (long/short), projects preferred (advanced/incremental), ambiguity tolerance (low/high), professional orientation (science/market) and professional orientation (more/less).
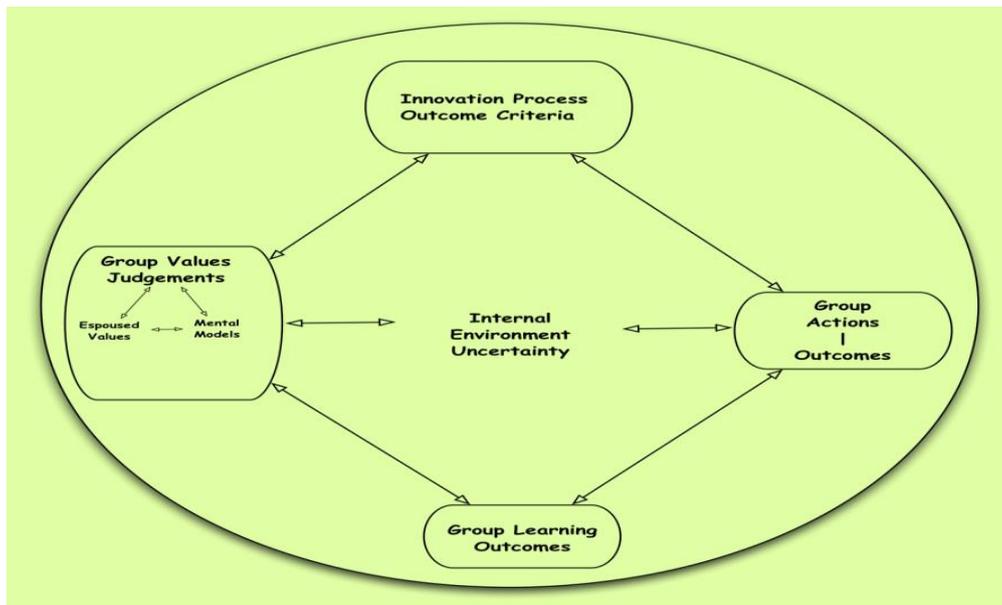
These last two factors could explain the difficulties with regard to sense making between these functional groups, and between the founder and professional managers. The challenge today is how do compact businesses manage the revolution processes, which must rely on cross-functional cooperation and full interaction?

II.Research Methodology

The methodology utilizes in-depth interviews, focus groups, action workshops and organizationally generated secondary data (e-mails, project and group documentation). To explore a phenomenon which is based on perceptions and mental models it was necessary to engage the participants in the research process. This is why we felt justified in selecting a Sharing Action Research (SAR) approach. SAR is focused around action and change, by involving the participants in the problem formulation, the resulting inquiry and action. As a consequence it scores highly in research relevance, community involvement and empowerment for the participants.

This research was developed from a previous research study into subjectivity in revolution management. This study utilized some of the techniques and methodologies from this previous research. During the first year focus group sessions and interviews were held to explore some of the general issues associated with revolution management within the compact business. Transcripts from these sessions were analyzed and coded; the resulting themes and sub-themes were then used in action workshops involving members from the different groups. Additionally, researcher's attendance was possible at most project and strategy meetings associated with the revolution process. During the entire three years of the study, regular action workshops were run to feedback findings and to facilitate group actions and initiatives.

The research data collected transcripts of focus group sessions, interviews and project and strategy meetings were analyzed alongside secondary data. Open coding was initially used to highlight themes and sub-themes from the different sessions, and then axial coding was used to group these themes and sub-themes into larger groupings. These findings were further explored in the action workshop sessions, creating further themes and sub-themes, and so the cyclical process continued. Slowly a research framework emerged that was continually tested and refined, linking the different themes together.

III. Research Findings

Examining the unfolding revolution journey undertaken by the different groups (Operations, Accounts, Consultants and Senor Management) in this compact business helped them and us understand the underlying interactions and sense making concerning one specific revolution process: the development of a new financial accounting service. The first focus of the research was to study and understand the group's activities towards this identified revolution process.
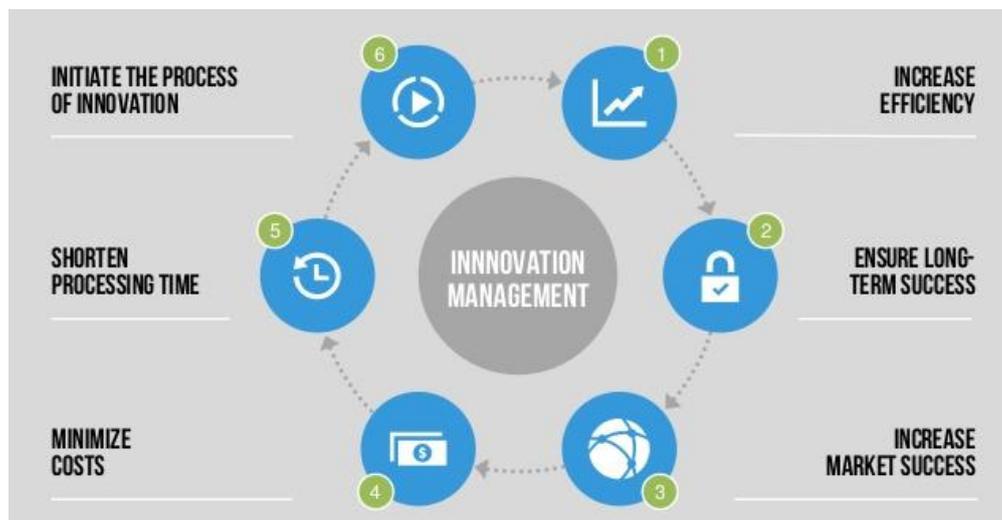
Coordination of Group Activity

The coordination of group's activities surrounding this revolution process was reached through negotiated sense making. This shared knowledge could then be used by the group members to make sense of past experiences and provide a framework for interpreting situations and deciding present and future actions. The underlying patterns of interaction developed over time, both intra- and inter-group, and were heavily influenced by dominant individuals especially the founder and certain managers.

At a strategy review workshop, a year after the founder had effectively retired; there were two noticeable camps within Sigma concerning shared values. One clearly reflected those of the original founder, and the other came from the professional managers brought in by the founder:

Operations manager:

"The company has a strong will to keep its identity, its survived a number of changes in the past, and will so in the future"

This was clearly a direct challenge to the new senior management team in1993 noted a complex interaction between the founder's assumptions or mental models and those of the other group's within an organization. It was observed and noted in interviews and at project meetings that some groups (Operations and Accounts) had a mistrust of the new management because of the differences in their mental models to those espoused by the founder. These differences were most clearly visible in the customer values held by the two parties.

The founder had held the belief that the long-term strategy and survival of the business rested on driving the marketplace. This involved building and developing new innovative business and providing valuable services that the customer would want. The new Senior Management
(Senior Manager) were more conservative, choosing to be more customer-led, providing what the customer needed. This market-driven versus customer-led strategy resulted in conflict and confusion in all groups.

Judgments and Group Actions

As noted above, group activities were arrived at through consensus, based on negotiated Sense making. In exploring the value judgments of the groups, the groups better understood and could explain their actions and decision-making. To help in this process, I used a research framework from a previous research study to further explore the contributing factors associated with the different group's sense making surround the revolution process.

The research data indicated that the value judgments used to make decisions were very closely linked to the group's aspirational expectations concerning the revolution process. In the research framework we

redefined these aspirational expectations as Revolution Process Outcome Criteria. But we noticed that over aperiod of time the different group's IPOC changed. These changes reflected the growing gap observed between a group's espoused values and their mental models. Harris (1989) referred to this as attribution and internalized schemas, and reflected the group's understanding of other's values and beliefs. The internalized schemas (mental models) are a source of intrinsic motivation for behaviors consistent with them. The gap observed by the groups inhibited sense making. We observed that sense making only happened when they could observe the actions of the other groups, and these resulted in predictable outcomes.

Groups changed over time, and were the result of:

➢ changes in a group's mental models;
➢ Increasing internal and external environmental uncertainty and ambiguity.

The most notable changes occurred in Senior Management's (Senior Manager) IPOC, which reflected significant changes in their customer values. These changes were linked to their short-term 'customer-led' strategies. This put Accounts & Operations groups in direct conflict. The founder had personally recruited the Accounts group leader, and had very detailed discussions with him regarding the future strategy and importance of the new service. The increasing gap between the Senior Manager's espoused and mental model customer values concerning this new service increased the overall ambiguity felt by the other groups. The unwillingness of Senior Manager to confront the long-term strategy of this service added to the confusion and decreased the opportunities for conflict resolution.

Continuous Environmental Uncertainty

The founder unexpectedly died, and within twelve month the Senior Manager sold the compact business to a large corporation, but remained to manage the business. The direct result of this change in ownership was the tasking of the Senior Management (Senior Manager) group to provide additional management reporting and strategy justification. The Senior Manager transformational leadership style hardened; focus was on short-term revenue and profits. Within three months there was a discernible disengagement by the three groups (Operations, Accounts and Consultants) and a further increase in ambiguity and uncertainty. The groups' observation of the action-outcome relationships resulted in new group learning outcomes. One of the most significant changes came about as a consequence of the hardening of the Senior Manager's mental models surrounding their customer-led strategy. This resulted in changes in other groups mental models and associated customer values:

➢ Consultants, who had previously taken an active interest and role in pushing for market-driven changes, and were strong sponsors of the process, now focused on day-to-day revenue generating activities;
➢ Operations: three of the top project managers left within three months of the changes in ownership, and those previously vocal about change, and the need for new services, subsequently left or became silent;
➢ Accounts: open hostility existed between the group leader and members of the Senior Management (Senior Manager), at one point resulting in a 3-day suspension for verbal abuse.

Over this period there was a very strong build-up of cohesiveness amongst the groups, that is excepting Senior Manager. The inability of Senior Manager to resolve the conflict over long-term organizational strategy had the effect of decreasing consensus within their group.

The increasing interactional problems between groups revealed by an analysis of the transcripts and observation over the transition period, increasing related to two factors: the stereotypes the groups had of each other; and their cultural differences. Two important themes contributed most to the group's cultural differences, that of customer values and the measure of revolution success. The two groups most noticeably different, Operations and Senior Management (Senior Manager), had very different perceptions of the success already achieved surrounding the process. This "difference in perception" of revolution success was noted in Griffin and Hauser's studies. This inability to understand other groups perceptions of outcomes resulted in poor integration of the different group's contingency approaches to both the 'customer-led' and 'market-driven' activities. This further resulted in increased ambiguity and relationship conflicts.

Relationship Conflicts and the Process of Revolution Management

When the study first began, a strong integrative perspective existed between all four groups.

The newly appointed professional managers were keen to listen and respond to group ideas and initiatives. Operations, Accounts and the Consultant groups showed consensus, consistency and integration over the founder's original strategy for the process.

But with the changes in Senior Management's customer values and their subsequent changes in, the other groups were forced to alter their own espoused values but not necessarily their mentalmodels surrounding the process. The result was the emergence of a differentiated perspective, one where there was an increasingly divergent consensus over the process. Towards the conclusion of this study, a augmentative perspective

pervaded the compact business and groups constructed multiple interpretations to explain the observed action-outcome relationships.

When either the Senior Management or one of the other groups tried to manage the revolution process they were presented with significant barriers:

➢ The degree of environmental uncertainty was significant and without external help, unquantifiable;

➢ The recent business upheavals, with new management and changes in ownership created high levels of ambiguity;

➢ The differences in group values and beliefs, and particularly the relationship conflict between Senior Management and the Accounts group;

➢ The interactions between groups did not help build understanding or shared experiences, and therefore did not help sense making and the ability of the groups to interpret and act for the present or the future.

IV. Conclusion

In exploring the revolution journey of this compact business as its reacts to increased levels of uncertainty and ambiguity originating from inside and outside the business, we have charted a number of issues and problems. None of the problems are unique or insurmountable, the combination did create however a very substantial problem to the managers responsible for managing the revolution process. The research framework used and re-validated by this research study helped the research participants and me to better understand the problems and issues they faced. Subjectivity amongst the groups surrounding the revolution process was a common problem, and was linked to the following:

➢ the increasingly divergent group customer values concerning the revolution process;

➢ an awareness and understanding of the gap between a group's espoused values and their mental models;

➢ a lack of understanding of the reasons behind the changes on other group's mental models;

➢ the inability of most groups to sense make the action-outcome relationships surrounding the revolution process

In managing revolution, it is important for all groups to understand the subjectivity of each group's value judgments. It was the relationship conflicts observed during this research study, surrounding the different group perspectives on customer values that created significant barriers concerning interaction and integration amongst the groups. Senior management's focus on 'customer-led' activities and requirements, and those held by most other groups, especially the Accounts group, based on market-driven requirements (longer term customer needs), put them on a collision course. Research suggested that both strategies can be successful. This research suggests that problems arise from the inadequate definition of market orientation strategy by the different groups. Because of this, relationship conflicts are created and largely remain unresolved, and the overall management of the revolution process breaks down. This strengthens the underlying premise of this research, that subjectivity is inherent in revolution management. Groups can resolve these differences if they have the sense making tools and experience to understand and chart their own revolution journey.

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