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Every month **Attractors** shares tips and tools from human systems dynamics. In this month's edition, Glenda Eoyang reflects on

How Will We Know?

Outcomes and measures have become the gold standard for performance improvement over the past decade. Return on investment (ROI); SMART objectives (specific, measurable, achievable, realistic, time); benchmarks; score cards (balanced and not); control charts; and a host of other tools, tricks, and techniques shape decision making and action around the globe. Theories and methods abound for using such certainty-based approaches to predict, manage, measure, and control performance.

These approaches are great—maybe even necessary—but they are not sufficient to support performance for CHANGE in human systems.

Why not? They make fundamental assumptions about what it means to work effectively, and those assumptions do not match organizational reality in times of change. We are currently working with a client to implement a broad-based cultural transformation. We use numerical measures of performance, but we also reach beyond them into other ways of knowing how performance changes over time. Here are some of the assumptions that influence the traditional bias for numbers and how we transcend those assumptions in one particular project.

Measurement is the only way to know “for sure.” Scientists have known for generations that measurement is not always a path to certainty. In 1981, Stephen Jay Gould wrote a thought-provoking book entitled, *The Mismeasure of Man*, in which he demonstrated how quantitative data had been used to perpetuate misconceptions and prejudices as “objective and quantifiable” truth. Numbers can help us see and understand reality in new ways, but they can also blind us to realities that lie beyond their reach.

We are incorporating both quantitative and qualitative data as we support emerging change in this international technology company. A scientific survey prompted the project. We know how many people attend sessions

and for how many hours. During sessions we use anonymous voting tools. Following the sessions we collect numerical data about participants' experiences. In addition, we share stories about change among the project team members, participants, and senior management. Stories have revealed new personal relationships, innovative processes, personal insights, and extraordinary customer interactions. These are arguably the most powerful and sustainable indicators of change, but they do not lend themselves to traditional measurement.

Good performance can be predicted and controlled. In stable times, this assumption is certainly true. In times of change, however, prediction may be risky, and control can be deadly. Technology, markets, regulations, organizational relationships, demographics, and customer expectations are all changing very quickly today. Even a good prediction may have a short shelf life before conditions shift, and the future changes course. Control in such situations is costly, and the investment increases exponentially as change accelerates.

The alternative is to consider performance as an emerging property. We are helping our client's managers think about past, present, and preferred future as a process of adaptation. We ask them periodically to consider three assessment questions:

- Where are we now?
- Where do we want to be?
- How do we get there?

From this perspective performance is based on the speed, creativity, and effectiveness of adaptation. They observe and improve their adaptive capacity in a changing environment rather than wasting precious resources on unreliable prediction and expensive delusions of control.

Surprises don't count. Measurement processes that seek to predetermine the future (such as ROI and SMART objectives) filter out the power of surprise. Ralph Stacey tells of the stark contrast between his strategic plan and yearend performance reports. Excellent performance was based on exploring and exploiting unexpected opportunities, not on maintaining focus on what was expected. We like to think of surprises as doors opening onto opportunity, so an effective performance improvement system needs a way to capture and interpret surprise.

In our project we've made a ritual out of surprise. At the beginning of each meeting we ask the simple question, "What surprises have you seen since we met last?" Those surprises become part of our meeting minutes. They supply data for us to assess our project process and changes that occur in the organization and the environment over time. Of course what is surprising one week is old news the next, and the patterns formed by the

surprises over time can be quite telling about how performance is changing even in a changing context.

I can only influence what is “inside” my system. Silos, rigid scopes of control, and the preoccupation with turf were adaptive responses to an accountability-driven system. If one is to be held accountable, then it is imperative that the bounds be set within which accountability will be measured. Not necessarily a bad thing, this systemic process forces people to attend to the part rather than the whole or the greater whole. In times of rapid and systemic change, those boundaries can be death traps. Real opportunities may cross organizational silos, connect staff with their customers, and establish cross-functional teams. To take advantage of these opportunities, people must see themselves as contributors to the world beyond their own narrowly defined bounds.

Our project has brought people together across diverse functions, organizational silos, and geographic locations to identify and address issues that are critical to corporate objectives. Each manager has been invited to redefine his or her own role as a contributor—beyond personal roles and responsibilities—to company-wide success.

Complex change challenges our assumptions about excellent performance. We discover that numbers may not tell the whole story; that adaptive performance cannot be predicted or controlled; that surprises are a valuable asset; and that each person may influence the effectiveness of the whole. These new assumptions require new ways to know about and to improve performance. HSD generates new theory, models, methods, and tools to help our clients respond to these emerging demands. If you would like to join us or to hear more about this journey, please contact us by phone or on-line.