

# Mastering Change

Introduction to Organizational Therapy

A Universal Applied Theory on

How to Lead Change for Exceptional Results

with Collaborative Leadership

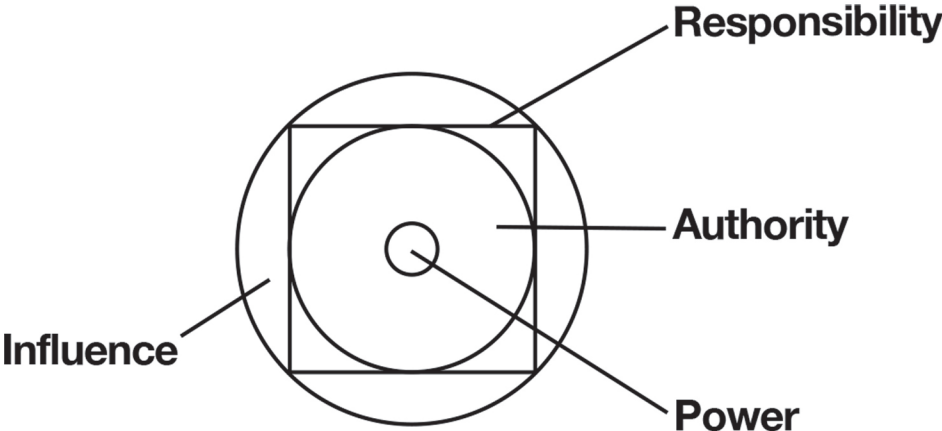
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Dedicated to the  
Certified Adizes Practitioners worldwide,  
without whom the contents of this book  
could not be a reality.



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The list of people who contributed to this book is quite long. I have been lecturing about this material for over forty years. It started as a small, simple model and it grew over time as people came forward and made remarks. Some disagreed and enriched me with their disagreements. Some reinforced my presentation and contributed anecdotes, jokes, case histories, even cartoons. Over time I realized that what was applicable to the organizations I was lecturing about applies to personal life too. When I was invited to speak to heads of state and their cabinets, the applicability of the material on the social-political plane became evident as well.

So, whom do I thank? Where do I start? Certain people stand out. First, my parents, who through their Sephardic Jewish wisdom taught me much about life. Outside my family, Mr. Vukadinovic, my first-grade teacher in Belgrade, Yugoslavia, stands out for a lesson I will not forget. I was an eight-year-old child saved from the Holocaust, in which most of my family perished. I was scared and timid. Another child in the class harassed me publicly with anti-Semitic insults. Mr. Vukadinovic put us both in front of the class and lectured us about brotherhood, how we look the same, yet still can enjoy the beauty of being different. He spoke about trust and respect. He had us sit at the same desk for the rest of the year, and my enemy became one of my best friends. (He perished during the NATO attack on Belgrade in 1999.)

Next I want to thank Yehuda Erel, my youth leader in the Israeli Noar La Noar youth movement. I came to Israel after World War II, looking for a home, full of fears of being rejected. He gave me roots and a sense of belonging by teaching me to serve others who were less fortunate than myself.

Then came my years of study in the United States. Professor William H. Newman of Columbia University taught me management theory, but more important than that, he taught me with his open-mindedness and practical outlook on the management process, an approach to intellectual life which I try to emulate.

Not to be overlooked are Rosemary Sostarich, Adrienne Denny, the late Charles Mark (early edition) and Gene Lichtenstein who reedited this book, Emily See who did the copy editing, and Maya Korling and Carolyn Healey who “mother hen-ed” the new edition of this book. To all, thank you.

**Ichak Kalderon Adizes**

Santa Barbara, California, USA, 2015

## ABOUT THE AUTHOR ICHAK KALDERON ADIZES, PH.D.

Over the course of more than forty years, Dr. Ichak Kalderon Adizes has developed and refined a proprietary methodology that bears his name that enables corporations, governments, and complex organizations to accomplish exceptional results and manage accelerated change without destructive conflicts. *Leadership Excellence Journal* named him one of the Top 30 Thought Leaders in the United States, and *Executive Excellence Journal* put him on their list of the Top 30 Consultants in America.

In recognition of his contributions to management theory and practice, Dr. Adizes has received twenty honorary doctorates from universities in ten countries; is honorary Chancellor of the University of Fredricton, Canada; received the 2010 Ellis Island Medal of Honor and an honorary rank of lieutenant colonel from the military; and has been made an honorary citizen of two Eastern European countries.

Dr. Adizes is a Fellow of the International Academy of Management; has served as a tenured faculty member at UCLA and a visiting professor at Stanford, Tel Aviv, and Hebrew Universities; and taught at the Columbia University Executive Program. He also is the founder of the Adizes Graduate School for the Study of Collaborative Leadership and Constructive Change, and is currently an academic advisor to the Graduate School of Management of the Academy of National Economy of the Russian Federation.

Dr. Adizes is founder and president of the Adizes Institute, based in Santa Barbara, California, an international consulting company that applies the Adizes Methodology for clients in the public and private sectors. The Adizes Institute was ranked as one of the top ten consulting organizations in the United States by *Leadership Excellence Journal*.

In addition to consulting to prime ministers and cabinet-level officials throughout the world, Dr. Adizes has worked with a wide variety of companies ranging from startups to members of the Fortune 50. He lectures in four languages, and has appeared before well over 100,000 executives in more than fifty countries.

Dr. Adizes has authored more than 20 books, which have been published in 26 languages. His book *Corporate Lifecycles: How Organizations Grow and Die and What to Do About It* (subsequently revised, expanded, and republished as *Managing Corporate Lifecycles*) was named one of the Ten Best Business Books by *Library Journal*.

Dr. Adizes lives in Santa Barbara County, California, with his wife, Nurit Manne Adizes. They have six grown-up children. In his leisure time he enjoys playing the accordion and practicing meditation.

## INTRODUCTION TO THE NEW EDITION

This book was first written in 1992, more than twenty years ago. Since then I have lectured to more than 100,000 executives, consulted to leaders of countries, and published twenty more books. In other words, I have gained more experience.

In every country I lectured I learned something new. I have lectured or consulted in over fifty countries. I made it a point to respond to any invitation from a new country no matter how far, how developed or underdeveloped, so I could test my methodology and philosophy of life. And I learned a lot. I started to realize that I was not teaching only about business; that my philosophy applies to how a country needs to be led, and to family as well as personal life. A universal theory of how to manage change evolved and made the first edition of this book in need of updating.

There was another development that called for a rewrite of the first edition. Universities started teaching Adizes, so it was time to also make this book a textbook. A manual for instructors was developed and is available to those who seek it.

Over forty-plus years, I have developed a theory—a philosophy—about how to lead change, but it did not remain just a well-developed concept. I have personally applied what I teach and when I succeeded in producing the desired results, I have documented the theory in manuals, taught others, and monitored whether they had the same success in producing exceptional economic and behavioral results. When they did, with over hundreds of companies of all sizes, there was the proof that the methodology is not an accumulation of well-meaning concepts, but a science: The same method can be repeated to achieve the same results. To be sure it is universal, I have opened Adizes offices in more than ten countries and compared

results. This methodology is independent of cultural and industry bias, and it applies to business as well as to non-profit organizations.

I also opened a Graduate School licensed by the State of California to grant master's and doctoral degrees in this methodology for leading change, which is akin to organizational transformation. I consider it therapy, because the aim of the transformation is to make the organization healthy. What it means to be organizationally healthy and how the transformation is conducted will be discussed in the following pages. However, I consider this book just an introduction to organizational therapy. For a more complete treatment of the subject, one should read the rest of my books, especially *Managing Corporate Lifecycles*, which discusses which problems are normal and which abnormal.

In this book I use the Socratic method of conversation to convey the material because it gave me maximum flexibility to communicate. I hope you find this book easy to read and entertaining, and its teachings worth applying.

— Ichak Kalderon Adizes, Ph.D.

Santa Barbara, California. 2015

## PREFACE

# Management, Executives, Leadership...

Over the years I have observed how the concept of solving problems for organizations has changed its name. First it was called administration. The first journal in the field was *Administrative Science Quarterly* and schools that trained corporate and organizational leaders were called Graduate Schools of Business *Administration*. The degree granted, MBA, still stands for Master in Business *Administration*.

When business administration programs did not produce the desired results, the concept of administration was relegated to a lower rank within the organization. Administrators just coordinated and supervised, and a new concept emerged: management. Gradually at first, and then rapidly, schools changed their name to Graduate School of Management.

Apparently that did not work well either, and management was relegated to the middle level of organizations. It lost its appeal and a new word was needed: executive. Graduate programs for executives and the concept of Chief Executive Officer were born.

That shift did not produce the desired results either, so recently a new theory appeared: leadership. Books are now published describing how leadership is different from management.

I believe “leadership” is just another fad. Soon, we will have another buzzword.

Why? Because we are searching for an all-encompassing concept that will cover the skills necessary for running an organization. We are all looking for a model that will describe and identify the specific kind of person who can provide the functions an

organization needs so that it is effective and efficient in both the short and the long term, and that person simply does not exist.

The mistake in this way of thinking lies in the expectation: All the roles are expected to be performed by a single individual, whether he is called the administrator, the manager, the executive, or, now, the leader. In reality, one person, even someone extraordinary, can perform only one or, at most, two of the roles required to manage/lead an organization.

In this book, “leadership,” “executive action,” and “management process” are one and the same for me, because they follow the same wrong paradigm. The paradigm assumes that a single individual can make any organization function effectively and efficiently in both the short and long term, whether that person is called leader or manager or chief administrator or just chief.

Let me make the point clearly: An individual who can make decisions that will cause an organization to be effective and efficient in the short and long term does not and cannot exist. The roles that produce those results are internally incompatible. The ideal executive does not exist.

We are still trying to develop and train and create this elusive perfect executive/manager/leader. It cannot happen. It will not happen. It has never happened. Our management education needs revamping, and our managerial culture needs redirecting.

A single leader, no matter how functional, will eventually become dysfunctional. Over time, as the organization changes its location on the lifecycle, proceeding from early success to a booming position within the corporate field, that single executive will falter. The qualities that made her successful in the past can be the reason for failing in the future.

Building a company requires a complementary team. It needs collaborative leadership, a team of leaders who differ in their styles yet complement one another.

But here is the problem: A complementary team, since it is, by definition, composed of different styles, generates conflict. So, although conflict is good, although it is necessary and indispensable, it can be destructive and dysfunctional.



What is needed to avoid this potential dysfunctional and destructive conflict is collaborative leadership based on Mutual Trust and Respect.

This book provides a paradigm shift in how to successfully manage for exceptional, sustainable, results. Hundreds of testimonials are available, some on [www.adizes.com](http://www.adizes.com), of companies that use the methodology described in this book. Or one can read my book *Conversations with CEOs: Adizes Methodology in Practice*.

Let us begin.

## XVIII – MASTERING CHANGE

*One afternoon I was talking with an executive of one of the companies for which I was consulting. He wanted to know the theoretical framework that I had developed that enabled me to teach and lecture worldwide, and to help CEOs of major companies implement strategic changes in their organizations rapidly and successfully, and without destructive conflict. He asked if I would take the time to talk about my field of expertise. As we talked, exchanging questions and answers, this book took shape in my mind.*

## CONVERSATION 1

# Change and Its Repercussions

*Hello.*

Hi.

*I understand that you have been studying the process of management and leadership for more than fifty years. What is it? What does it mean to you?*

We first need to define what the word manage means. Later we will define leadership and discuss the differences.

## The Traditional Theory of Management

I've found that in various languages, such as Swedish, the Slavic languages, and Spanish too, the concept "to manage" does not have a literal translation. In those languages, words like *direct*, *lead*, or *administer* are often used instead. In Spanish, for example, the word *manejar*, the literal translation for manage, means "to handle" and is used only when referring to horses or cars.

When other languages want to say "manage" in the American sense of the word, they use *direct* or *administer*, or they use the American word *management*.

Take the French language: They insist on using only French words but when it comes to "management" they use the English word. They have no literal translation. And Russians, although they try to distance themselves from the USA, nevertheless use the English word *management* too.

## 2 – MASTERING CHANGE

I suggest to you that if there is no translation, the concept is not that clear. Moreover, the process is not universally applied; different countries manage differently.

In the Yugoslav self-management system of the 1960s, the managerial process, as it is practiced in the United States and taught in American business schools, was prohibited by law. If a manager made a unilateral decision for a company, he could be prosecuted. It would be considered a negation of the industrial democratic process that was required by law. A manager had to suggest, while the workers decided. In this system they applied the principles of democracy at the enterprise level. The same is true in Israeli kibbutzim, communal self-managed organizations. The secretary of a kibbutz, who holds a managerial position, is periodically elected so that no one can claim permanence in governing others.

*You mean the kibbutz secretaries manage for a while and then go back to milking the cows?*

Or back to serving in the dining room or washing dishes. Management is not a long-term, permanent appointment there, just as no democratically elected leadership is permanent. That would negate democracy. In a democracy, leadership—management—is not a profession. It is a calling.

*What, then, is management, if some languages don't have a direct translation and some sociopolitical systems negate it, or practically forbid it? Would the synonyms in the dictionary provide a sufficient definition?*

Well, what synonyms would you suggest?

*Decide, operate, plan, control, organize, rule, achieve goals, lead, motivate, accomplish...*

In several dictionaries the synonyms for manage are the ones you have mentioned. There are other intriguing synonyms, like dominate and govern, from the American Collegiate Dictionary. The Oxford Dictionary adds manipulate and connive.

*I do not feel comfortable with the synonyms manipulate and connive.*

I do not blame you, but there is a reason why those synonyms exist. Let's analyze the common denominator shared by all the synonyms you have mentioned, excluding, for a moment, manipulate and connive. Imagine the process described by each of these synonyms; animate their meaning. Can you identify the common denominator? Operate...plan...control...organize...rule...achieve...accomplish.

*They are all a one-way process. The managing person is telling the managed person what to do. The manager determines what should be done and the managed person is expected to carry it out. Abide.*

That's why we call a manager the "head" of the department, and a valued subordinate is called the "right hand." The right hand does exactly what the head tells it to do, while the left hand behaves as if it had a will of its own. It is not fully controllable.

*But managers are also called supervisors.*

---

The managerial process,  
or leadership, is not a  
value-free process. It  
is not only a science  
and an art, but also  
an expression of  
sociopolitical values.

---

Because a supervisor is supposed to have superior vision. Look at the insignia for military officers. You can compare the progressive ranks represented by United States military insignia to climbing a tree and then ascending to the sky. The lieutenants have bars representing the branches of a tree. The captain has more bars; he is going up the tree. The major has a leaf representing the top of the tree. Then the colonel soars like an eagle, and the general has a star. The higher they go up the organizational hierarchy, the better their vision should be.

*So?*

The problem with such a frame of mind is the lowliness of the subordinates. The lower they are on the tree, the less they can see and can be expected to know. Listen to the word: subordinates. They are sub-ordinary.

*You mean to say that the words connote that the manager is superior and the subordinates are inferior?*

In Hebrew, subordinates are literally called "bent," *kfufeem*, as if the managers had bent them to the desired mold.

*I never paid attention to this connotation. What is the cause of this?*

The managerial process, or leadership, as it is taught and practiced, is not a value-free process. It is not only a science and an art, but also an expression of sociopolitical values. It is a value-loaded political process, and it originates with the patriarchic family, I believe.

## 4 – MASTERING CHANGE

*But what about the word motivate? Does not this synonym redeem the process of management from what appears to be its hierarchical, one-way-street connotation?*

In the context of management as superior and those reporting to him or her as subordinates, where the manager decides and then has to motivate sub-ordinary people to execute his or her wishes, what would you say is the meaning of *motivate*?

*As a manager or leader, I know what I want the subordinates to do. My challenge is finding the way to motivate them to do what I have already unilaterally decided. If I can't control them, maybe I can motivate them to do what I want them to do; they have no say, they should just execute my decisions willingly.*

What does that sound like?

*Manipulation.*

Right! I remember a cartoon in the *New Yorker* magazine. A mother who is a psychologist is trying to convince her son to take out the trash. Wearily, the boy says, “Okay, okay! I’ll take out the trash, but pleeeeee, Mom, don’t try to motivate me.” Even the child sees motivation as a manipulation. What he must do has already been decided. It’s only a matter of how to make him do it.

*I can see now why some labor unions often oppose programs such as job enrichment or enlargement, which management uses to “motivate” workers. Unions view these programs as ploys to increase productivity and profitability for the good of management and stockholders. The only benefit to the workers is that they may keep their jobs.*

The same connotation of manipulation comes up in the synonym *to lead*. Some theories of leadership, if you read them carefully, present the leadership function as the way to make the followers follow enthusiastically a decision that was already made. Note this quote from Dwight Eisenhower as an example: “Leadership is the art of getting someone else to do something that you want done, because he wants to do it.” Notice that the decision has been made. The followers should be happy to implement the decision as if it was theirs to make. That can be seen as a manipulation, no?

In some industries, management is a dirty word. In the fine arts, in the United States, it is often synonymous with exploitation. Soon, I believe, if the paradigm does not change the same will happen with the concept of leadership.

*So, what do you suggest?*

## The Nature of Change

We have to understand the role of management, or the leadership role, by the function it performs: why do we need it? The function should be value-free, without any sociopolitical or cultural biases and applicable to any organization, in any industry, of any size, on any level—micro, mezzo, or macro—and with whatever goals the organization might have, for profit or not for profit.

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The more change,  
the more problems  
we will have.

---

It should be the same, whether we are managing ourselves, our family, a business, a non-profit organization, or leading a nation. Whether we speak of managing, leading, parenting, or governing, it should be one and the same process conceptually. It should be a universal theory of management, of leadership.

*This sounds very ambitious. Where do we start?*

Do you agree with one thing, that change is constant? The process has been going on since the beginning of time and will continue forever. The world is changing physically, socially, and economically. Even you are changing this very minute. Change is here to stay.

*Yes?*

Change creates problems. Because what is change? Something new has emerged. Now we have to decide what to do about it and then we have to implement that decision.

Since it is a new phenomenon or event, we cannot have all the information we might want to have. Thus, to decide about something new means that there is uncertainty. If we implement the decision there is risk: It might not work as well as we wanted.

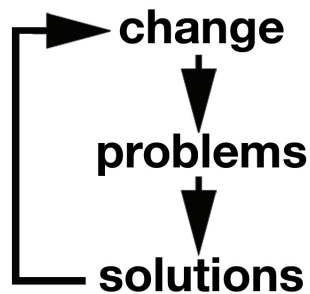
Making decisions under uncertainty and implementing them, which entails risk, is a problem. We scratch our head: What should we do (uncertainty) and should we do it (risk)? Thus we consider a new phenomenon that impacts us as “a problem.”

The more change, the more problems we will have.

Now let us assume we did decide, and implemented our decision. What happens now? We had a solution and implemented it. Right?

## 6 – MASTERING CHANGE

Notice that our solution created change, too. We can diagram the sequence like this:



Now, looking at the diagram, if change is here to stay, what else is here to stay?

*Problems.*

And the greater the quantity and velocity of the changes, the greater the quantity and complexity of the problems we will have.

---

The greater the quantity and velocity of the changes, the greater the quantity and complexity of the problems we will have.

---

*Right. Email and computer systems were supposed to increase our effectiveness and efficiency of work. But instead of having less work to do I have more work, more problems that face me even faster than before.*

I have the same experience. Change is accelerating, and the environment is becoming increasingly overlapping, and interdependent. A technological change can have an almost instantaneous impact on the economic or social or even political environment. Take the internet, which was a technological innovation. It impacted how retail works so it had economic repercussions. But it was also used to mobilize people to demonstrate. It had political repercussions. It also has social repercussions: how people find another person to date. . . . The environment we operate in is becoming more and more complex. Simple solutions do not work anymore. For complex problems we need complex solutions.

Furthermore change is accelerating. If our grandparents made one strategic decision in a lifetime, and our parents, let's say, every ten or fifteen years, we are making strategic decisions every five years, and our children will have to make them annually. Life is becoming increasingly stressful.



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The higher the standard of living, the lower the quality of life.

---

*In my travels, I hear more laughter in one day in a developing country than in a whole year in a developed country. The more developed, the more so-called advanced, a country, it seems the less time is there for people to just laugh and enjoy life. They are all stressed.*

---

Every problem can be an opportunity in disguise and every opportunity can be a problem in disguise.

---

Yes, it seems that the higher the standard of living, the lower the quality of life. It all has to do with the velocity of change.

*But not all events caused by change are “problems.” Some are opportunities.*

Absolutely so. Interesting that in the Chinese language the word *problem* or *threat* and the word *opportunity* are one and the same word: *wēiji*, 危机. This means every problem can be an opportunity in disguise and every opportunity can be a problem in disguise.

Have you ever had a problem that, by the time you solved it, you learned a lot and became much stronger because of it? That problem was really an opportunity to learn. And I am sure there were times when you saw an opportunity and tried to capitalize on it, and this opportunity turned out to be a major problem for you.

All opportunities are a response to a problem. There would not have been opportunities if there were no problems. The problems your competition has are your opportunity. And the problems you have in your company are an opportunity for your competition. But if you are smart and understand this, then why should your problems be opportunities for your competition. Why not see them as your opportunity to improve your company, to learn from your problems?

Every problem is an opportunity to learn and improve. Problems and opportunities are one and the same thing. It depends how we look at them. As we will discuss later, it has much to do with personality. For some people a problem is an opportunity; for others an opportunity is a problem.

It is all up to you whether the new event caused by change is an opportunity or a problem. It all depends on your frame of mind and on how you handle the event. Since problems are the same as opportunities, I translate the Chinese word *wēiji* to English, literally, as oppor-threat.

## 8 – MASTERING CHANGE

*This reminds me of a joke I read in a book by Osho, the Indian philosopher:*

*A man goes to a mental hospital, and walking down the corridor sees a man in a room tearing his hair and crying: “Natasha, Natasha.”*

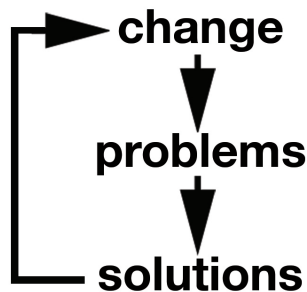
*So he asked, “What happened to him?”*

*“He fell in love with Natasha. She left him and he lost his mind.”*

*Our man continues walking down that corridor, and a few rooms later there is another guy, now even more distraught: “Natasha, Natasha.” Banging his head against the wall.*

*“What about this guy?” asks our visitor.*

*“Ah, he married Natasha...”*



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**We will stop  
encountering  
problems only  
when there is no  
more change.**

---

Notice the following: Whenever we decide and implement our decision to solve a problem, we are causing more change. We are the source of change too. The change can come from the outside or the inside, caused by our own decisions. And that has repercussions.

If change is here to stay—it has been here forever and will stay here a bit longer—what else is here to stay forever?

*Problems and opportunities.*

Yes. The point is that people should not expect to permanently solve all problems. As long as there is change, it will not happen. It cannot happen. When one set of problems is solved, a new generation of problems will emerge. We will stop encountering problems only when there is no more change, and that will happen only when we are...

*Dead.*

Right! Living means solving problems, and growing up means being able to solve bigger problems. “Big” people deal with big problems. “Small” people (in spirit) deal with small problems. The more change, the more problems the system will have, whether we are talking about a human being, a marriage, a company, or a country.

---

The purpose of  
management,  
leadership,  
parenting, or  
governing is  
exactly that: to  
manage change.

---

Having fewer problems is not a sign of growing but of dying. A young child has a lot of problems. A very old person who is dying has only one problem: how to stay alive.

*And the more change, the more stress.*

Yes. There is a psychological test for stress. You are supposed to fill out a form and for every event you note how many points of stress it gives you. For example, being fired: so many points; death in the family: so many points...going on vacation: so many points. What is the common denominator to all those events?

*Change!*

The purpose of management, leadership, parenting, or governing is exactly that: to manage change. To solve today’s problems that were generated in the past and get ready to deal with future problems we create with our decisions today. No management is needed when there are no problems, and there are no problems only when we are...

*Dead.*

To manage is to be alive, and to be alive means to experience change with the accompanying problems it brings.

*To lead, manage, parent, govern a nation...means to solve problems caused by change.*

If you are not managing change—that is, solving problems caused by change—you are not managing. You are not leading. That is the essence of management, of leadership, of parenting, and of governing.

*So the anarchist political theory that tries to eliminate government and management is utopian.*

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I think so.

Change can be your friend or your foe. Here is a story you might want to remember: My friend Peter Shutz, when he was appointed president of the Porsche car company, he visited all the departments of the company. When he was at the engineering department he asked those there if Porsche competes at Le Mans, which is a premier car-racing event where Porsche, a sports car company, should compete.

“We don’t,” they said.

“We should and next year we should win, and I rely on you to make that happen,” he said.

The engineering department worked around the clock, designed and tested a racing car. The company went to the races and won. Big celebration.

The next day they found that the racing committee had changed the rules for next year’s competition and they had to go back to the drawing board all over again. The engineers were depressed.

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If there is no  
change the  
mediocre  
eventually  
catch up.

---

Peter responded with a sentence, which I believe should be a mantra repeated by all executives: “If there is no change the mediocre eventually catch up.”

Change is the best thing that can happen for a well-managed company. Change enables the well-managed company to distance itself from the poorly managed competition because it deals with change better.

Change is an opportunity for the well-managed and a problem, sometimes even a fatal problem, for the poorly managed organization.

*Change fast or die slowly.*

I repeat: Whether you are managing your own life or a company or a department, leading, governing, parenting, whatever...you have to decide and implement your decisions to deal with change, and since change is constant, this role we call management or leadership is constant too and cannot be eliminated.

How well you manage depends on how effective your decisions are and how efficiently you implement them.

## The Origin of Problems (Opportunities)

*Is there an underlying reason why problems or opportunities emerge with change?*

Everything you see around you is a system. By *system* I mean that there is interdependency in and in between everything in this world. Even the stars are interdependent.

Now, every system is composed of subsystems, which are composed again of their own subsystems, down to the nano level, and even there I believe there are yet more subsystems we will discover in time.

---

Problems are manifestations of disintegration.

---

So?

When there is change, the subsystems do not advance, change, in synchronicity. Some change faster than others.

Take yourself as an example, or any other human being. You are a system composed of subsystems: You have the physical subsystem, the intellectual subsystem, the emotional subsystem, and the spiritual subsystem. They do not necessarily change in synchronicity. You might be physically 40 years old, intellectually much older because of life experiences and education, but emotionally you are still a teenager, and spiritually not born yet.

You see what might happen? There will be cracks in the system. You are “not together.” Those cracks are manifested by what we call problems.

Problems are manifestations of...

*Disintegration.*

That is why when someone has too many problems we say he is falling apart, he is coming unglued. And when we are impressed with someone or a system we say this person has it all together, or this family has it all together, or this country has it all together.

Integration is the sign of health, disintegration of a malady. All problems are caused by disintegration caused by change. Show me a high rate of change and I will show you significant signs of disintegration. A house on the beach needs more maintenance than a house in the mountains. Why? The beach house is subject to more changing weather.

Any problem we might have—I repeat, any problem, whether it is a medical problem or a problem in our marriage, or that our car does not start, or there is a crime in our neighborhood—is caused by disintegration: Something has fallen apart because of change.

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You go to the doctor to complain about some pain you have. What does the doctor ask you? “When did it start?” What is he looking for? What has changed? What has fallen apart?

Your car does not start? The mechanic will try to find out what has broken apart, disintegrated.

---

To diagnose a problem  
ask yourself what has  
changed. What has  
fallen apart?

---

You have a problem with your spouse? Your marriage is “falling apart.” The disintegration, most probably, is caused by something that has changed. Maybe the change is a new child, a new job, or new needs that were dormant until now. Who knows? But one thing is for sure: Something has fallen apart. Something has changed.

To diagnose a problem ask yourself what has changed. What has fallen apart?

*The ongoing problem the Western world has with Muslim terrorists then is a manifestation of disintegration caused by change.*

I think so. Modern society has advanced technologically, politically, and socially, and some parts of the world do not accept those changes. Like the changing role of women in society, for example. But notice it is not only a reaction of fanatic Muslims; all religions have fanatics who resist change.

*But is there a system, a process for how to manage change that works? Change without destructive forces? I notice people hate change, or they support change as long as nothing changes. I think that they want the benefits of change without the pain of change.*

That is what I have spent over fifty years studying and testing in over fifty-two countries with companies of every size, including the largest on earth, and with governments as well. That is what this conversation, as an introduction to the subject, aims to do.

*I can't wait.*

## CONVERSATION 2

# On Parenting, Management, or Leadership

*Previously we discussed that management theory, as taught in the USA and propagated around the world, is not value-free. Quite the opposite, it is a manifestation of the American culture of individualism and elitism, management being a class of people different from workers, subordinates.*

Yes.

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Not to decide is to  
decide not to decide.

---

*Furthermore, you claim that management is needed because there is change. If there were no change there would be no need for management. But then we would be dead, because change is life.*

*You also said that change produces problems and opportunities, and whether they are problems or opportunities it is up to us, and you will tell us how to convert problems into opportunities.*

I suggest that managing change involves two processes. First, you must decide what to do, and then you have to implement your decisions. Would you agree that to decide and not to implement is useless?

*But some people cannot decide. They feel they do not have enough information or they are scared of the risks involved.*

Notice: Not to decide is to decide not to decide. You are actually deciding by default. Assume you are in front of an intersection. That is a change, a new phenomenon on the road. You

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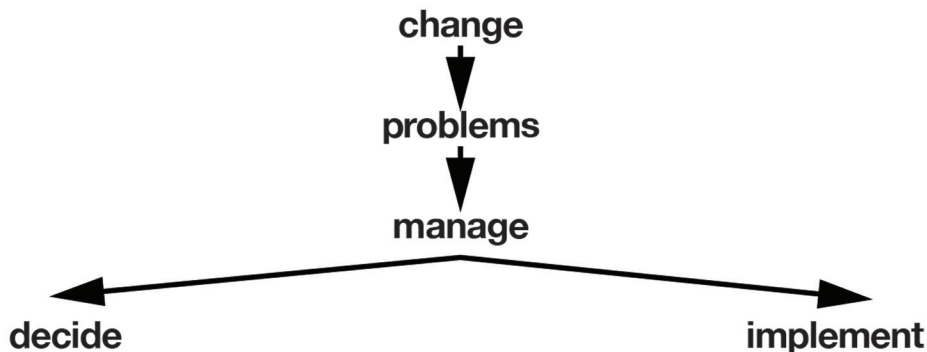
have to decide what to do: left, right, or go back. Assume you cannot decide for the reasons you spelled out before. What happens now? By default you have decided to stay in place. You decided not to decide.

*That could be the worst decision of them all.*

You are right. Will Rogers said it best, and I am paraphrasing: Even if you are on the right road, if you do not move, a truck can run you over.

When there is change, there is no way to avoid deciding and then implementing that decision.

For managing well, both processes are necessary, and together they are sufficient. So our diagram of the leadership process looks like this:



These processes—deciding and implementing—are value-free. You can apply them to manage anything from a criminal underworld to a community of saints. Whenever there is change, you must make decisions and you must carry out those decisions.

*But are both factors really necessary?*

As I have said, not deciding, or procrastinating, is a decision. You cannot escape the fact that whenever there is change, you must make a decision, or the change itself will de facto make the decision for you. And while making a decision is necessary, it is not sufficient. You also need to implement the decision.

*It is interesting that business schools, or schools of management, do not teach much, if anything, about implementation. All the courses are about how to make good decisions whether in marketing, finance, or economics. As if assuming that if the decision is a good one, it will be implemented.*



As you will see soon, that explains to me why, in my experience, newly minted MBAs are a pain in the neck. Without experience they complain all day long about why their wonderful ideas do not get implemented. They need some scars on their knees to realize that good decisions, although they are very good, often do not get implemented and bad decisions do, and for a reason.

*Why?*

To manage well, you need both to make effective decisions (decisions that produce the desired results) and to implement them efficiently (with minimum energy possible).

$$\text{Quality of management} = f \left\{ \begin{array}{l} \text{1. effectiveness of decisions} \\ \text{2. efficiency of implementation} \end{array} \right\}$$

*You are right. Even a billion times zero is still zero. But I have a doubt: A decision is not a good one unless it includes a plan of implementation. Thus, all that is needed for managing is to make a complete decision, which should include the detailed plan of implementation, then implementation is nothing more than to do it.*

It's not so simple. Look at your personal life: How many decisions have you made that you never implemented? Even though you sat down and made a list of exactly what you would do—you even planned all the details of implementation—yet you still did not implement the decision.

Do you smoke? Maybe you overeat? Since you know these activities are bad for you, you've probably decided to change those habits. Yet you probably still go on behaving the same way despite having a detailed plan to implement change.

*You mean I'm not in control of my life?*

Are you? Have you implemented all the decisions you've made to change?

*No, I have not. For example, I'm still struggling with losing some weight. I've made the decision to change my diet many times, but have not succeeded in doing it so far. It's embarrassing.*

The same holds true for almost any organization. Management might decide to change direction, markets, product lines, or the culture of the organization. Often it will have great

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difficulty implementing the decisions, implementing the changes. The same phenomenon occurs in the governing of countries. Many leaders, even dictators, complain that their decisions involving change do not get implemented. For instance, Hitler could not force the implementation of his decision to burn Germany in front of the advancing Allied forces. His decision was never carried out, although he had total power to execute anyone who didn't follow his orders.

*His order to destroy Paris was also ignored, although he could have executed those who disobeyed him. Even though he held power over their lives, people still did not follow his orders.*

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The quality of the decision can neither predict nor assure the probability of implementation.

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Levi Eshkol, the Prime Minister of Israel, was criticized for not carrying out a certain decision. His response was, "I have committed to decide. I did not commit to implement."

I repeat again, the quality of the decision can neither predict nor assure the probability of implementation. Some decisions that require change, even if they are outstanding, do not get implemented; and some bad decisions get implemented swiftly.

*Why is that?*

Because the two processes—what makes for good decision making and what makes for good implementation—are incompatible. It's as if you are holding two books: One book tells you how to make good decisions, the other tells you how to implement decisions. For implementation, if you follow the instructions in the book on how to make good decisions, those instructions will undermine your efforts to implement the decisions efficiently. And in making decisions, if you follow the instructions in the book on how to implement efficiently, they will undermine your capability to make good decisions.

*I'd understand that better if you gave me an example.*

Look at political systems. Which system is designed to increase the probability of making good decisions? For that purpose, the system fosters open discussion and vehemently protects the freedom of information, speech, and the press so that good decisions can be made?

*Democracy.*

That's right. And have you noticed how difficult it is in a democracy to implement public policy decisions that require change? The system may make good decisions, but the legitimate political dissension necessary to make a good decision becomes a stumbling block in

implementation. My experience with leaders of democratic systems is that they complain their policies don't get implemented as swiftly as they would like, or don't get implemented at all.

Now, which political system fosters quick implementation of decisions by not allowing discussion, dissension, or questions?

*A totalitarian system.*

Yes. And totalitarian regimes usually make bad decisions. Why? Because efficient implementation is carried out by forbidding freedom of the press, dissension, and discussion. It's "do it or else." This inhibits the exchange of information necessary to form educated judgments. Instead of quality decisions, such regimes eventually produce biased decisions based on the prejudices of the dictator, with horrible outcomes.

Study history: Dictators eventually harm the country they lead. Eventually. Because by not allowing dissension, information does not flow well, and the decisions are based on biased judgments of the dictator. There is no discussion, no validation of the decision, and eventually bad decisions will be made, destroying the country.

*Are you saying that good management is democracy in decision making and dictatorship in implementation?*

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Good management  
is democracy in  
decision making  
and dictatorship in  
implementation.

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Correct! This does not apply just to management of companies. In personal life it means that in order to make a good decision, you must be open-minded. You must operate "democratically" within your own mind and with other people. Listen to your own voices of dissension in your head. Ask for the opinion of others who do not necessarily agree with you and understand why they disagree or dissent. Can you learn anything from their dissension? That is democratic decision making. But once a decision is made, you must become "dictatorial," which means you must commit to the decision, be strong willed, and carry it through. No more debating back and forth.

*That's easier said than done.*

Absolutely. Democracy in decision making and dictatorship in implementation is what I call "democratship." It is a difficult process. Many people mismanage by having the sequence upside down: They're dictatorial in decision making and democratic in implementation.

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*That's me, I think. I'm dictatorial in deciding to lose weight: I have made up my mind absolutely and I have made a list of what I can eat and what I cannot eat and how much. There will be no more discussion. This is final, I say. And I remain resolute until the sandwiches arrive. I then conveniently turn democratic and heed the voices of dissension.*

You've got the idea, my friend. You must have democracy and dictatorship in the right sequence. You must be capable of being democratic and then dictatorial. The difficulty is in the word *then*. When do you stop being democratic and start becoming dictatorial? When do you quiet the voices of dissension?

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Democracy is an effective system but not an efficient system, while dictatorship is efficient but not effective as a system.

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Some people are democratic in decision making and continue being so during implementation. They're inefficient because they keep changing their decision based on who was the last person to talk to them. These are the people you might beg to decide and stick to a decision, and stop changing their mind all the time. On the other hand, some people carry out efficient implementation too early on in the decision making process. They close their mind too quickly. They're difficult to reason with because they don't listen well. They end up making decisions in a hurry: shoot first and ask questions later. These are the people you beg to stop running forward with implementation because the decision was made in such a hurry you have not discussed the matter sufficiently.

*It looks like what you are saying is that democracy is an effective system but not an efficient system, while dictatorship is efficient but not effective as a system.*

Right. If you try to make democracy an efficient political process, it will lose its effectiveness. To be efficient it will cut down on dissension, freedom of speech, and transparency of information. There will be less democracy and the result will be faster implementation of solutions to problems, but some decisions might have bad repercussions.

*By the same token, are you saying that totalitarian regimes cannot be effective?*

The Soviet economy, in its central planning mode, had difficulty producing according to plan. It even had food shortages. Totalitarian regimes are efficient but ineffective. The more

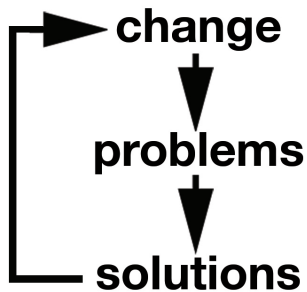
democratic they become, the more effective they can be. But then they'd have to give up some political efficiency. They'd to give up on some power and control, which are the essence of a totalitarian regime, and that's not easy for them to do. People usually want something more without losing what they have. They prefer *more* to *instead of*.

To manage, lead, parent, or govern well means to decide and implement, to be democratic then dictatorial. It is not easy. You must decide and implement, be open-minded and resolute at different times. You have to know which frame of mind is correct and at which time. Defined this way, the managing process is all-encompassing, universal, and value-free.

$$\text{Quality of management} = f \left\{ \begin{array}{l} 1. \text{ effectiveness of decisions} \\ 2. \text{ efficiency of implementation} \end{array} \right\}$$

## External-Internal Integration

Here is another complexity to the leadership process. We already discussed that when you decide and implement your decision, what you are doing is causing change, and that change creates new problems.



*The new problem could be worse than the initial problem I was trying to solve.*

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*This reminds me of a cartoon I once saw: A man walks into a medical building. In the lobby there is a directory with the names of all the doctors and their specialties:*

*Dr. Smith, cardiologist, suite 202*

*Dr. Horvat, pulmonary diseases, suite 303*

*Dr. Mondlak, internist, suite 404*

*The last one is Dr. Goldber, side effects, suite 1001*

We need to make decisions and implement them, but decisions that will make the situation better not worse.

*I understand that. We will always have problems as long as there is change, which means as long as we are alive. But how do you make decisions that will not make the situation worse?*

Let us address this important issue. We already discussed that the cause of all problems is...

*Disintegration.*

So if disintegration is the cause of all problems, what do you think the solution is?

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We will always  
have problems  
as long as there  
is change, which  
means as long as  
we are alive.

---

*I see where you are going. If the new decision we have made and implemented causes more disintegration then it is bad. And if it makes for integration then it is good. Right?*

Yes and no. A leader needs to adapt the organization to the changes happening in the market. If it is a non-profit organization the same still holds; there are changes out there to which the organization has to respond, or, even better, pro-act.

It is an effort to integrate the organization with the changes out there. But those efforts to integrate the organization with the environment in which it operates cause disintegration inside the organization. As we have said already, all the subsystems do not advance and change in synchronicity. Marketing and sales efforts change to react, or pro-act, to the changes in the market; but operations, production systems, do not change as fast. Accounting changes even slower, and human resources changes the slowest. People do not easily change their behavior and values.

Efforts aimed at external integration cause internal disintegration. To integrate internally, we need to slow down the changes aimed at the external environment. That means that internal integration now causes external disintegration.

You see, this is complex. All this cannot be done simultaneously. A leader, manager, prime minister, or parent has a double role: disintegrate internally to integrate externally; and disintegrate externally to integrate internally. The challenge then is how to keep both orientations integrated.

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If she only integrates internally, there is no growth. If she only integrates externally, it is not a sustainable growth.

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If she only integrates internally, there is no growth. If she only integrates externally, it is not a sustainable growth.

*What is the solution?*

There is a sequence. All living systems disintegrate and then integrate. All living systems sleep after being awake. That is true for people, fish, trees—all living systems.

When you were awake you were falling apart dealing with change. Then you stop to sleep for some hours, and what happens when you sleep? You integrate. Then when you wake up in the morning you are fresh and ready to go and disintegrate again.

What happens if you do not sleep, let's say, for a week or longer? Eventually you fall apart. The same holds true for companies if they do not periodically integrate, because all organizations are living systems.

No company should grow exponentially, with its curve of growth going up, up, up. It will eventually collapse; it is only a question of when. Continuously going up will end up going down eventually.

*What do you suggest?*

The revenue or profits curve should go up, then sideways for a while, then up again, and then sideways again, like stairs. Build, consolidate, and build again, to subsequently consolidate again.

But even a stairs function—integrate, disintegrate—is only second prize.

*Why is that second prize? You just convinced me I need to sleep and not be awake all the time.*

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Because it reflects discontinuity. To go up requires one kind of leadership, typically very entrepreneurial. To go sideways requires a very different leadership, one that is internally oriented and wants to put order and systems in the organization.

In a stairs function, companies change leaders at the discontinuity points: Too much change and the company is falling apart? Fire the leaders and get a financially oriented person to restore order. But then, after a while, the company is stymied, going nowhere. Fire this leader now and hire a new entrepreneurially oriented one. This causes a lot of wear and tear in the company.

*Unless you have a leader who is capable of changing orientation: First she is externally oriented and then turns around and is internally oriented.*

*What is the first prize?*

Work on the outside and, at almost the same time, work on the inside. Do not allow too much disparity between the two efforts. In other words, constantly watch the organizational internal-external alignment. Do not allow the disparity to grow too large. Do not chase too many opportunities. They might be a problem in disguise if you are not internally aligned. (Remember opportunities can be problems and problems can be opportunities.)

*Isn't that too difficult for one person to do?*

*People whose style is to cause change externally are not the ones who are comfortable with integrating internally. And those who are comfortable with putting the pieces together internally are not the ones who like to cause change and integration externally. There is a conflict of roles and thus of styles.*

Absolutely. A well-managed system needs a complementary team. Building a company is like digging for gold in a mine: One person digs, the other person has to build the infrastructure so the mine does not collapse. Growing a family takes also a complementary team. One parent is working outside, earning a living; the other one makes the house a home, integrates. Look at the person you married. You most probably married someone who complements you in style. Someone who is strong in those characteristics in which you are weak, and vice versa. Thus, when we introduce our spouse we might say, "Allow me to introduce you to my better half," and the spouse might say, "No, no, let me introduce you to my better half." Each one is the better half of the other. Together they form the perfection needed to lead a system, in this case a family.



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A well-managed  
system needs a  
complementary team.

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*But how do I do it in a company?*

In a company you should have one meeting to look outside and another one to look inside. Have strategic meetings discussing what to do with the changing market. Then have a separate meeting about how the company is doing internally. Identify where the cracks are, i.e., what the internal problems are, for example, in the roles people have to perform, in the organizational structure, in authority, in the reward system, in whom you hire, etc., and deal with them.<sup>1</sup>

*Why can't I do them at the same meeting?*

Because you will get confused. Looking at the complications of the inside you will stop having the urge and willingness to deal with the outside. Also, each might require different people attending the sessions.

As a CEO you are the bridge. You should be listening to both sides and deciding how much change on the outside and how much change in the inside is desired when and how. You should perform the balancing act between outside and inside.

*Only the CEO has that role?*

No, it does not have to be the CEO. It can be the head of any strategic business unit. Whoever has the role of making profits or, for a non-profit unit, whoever has the leadership role of getting the results for which the organization exists.

*But these efforts—inside-outside alignment, focus on adapting to market, and then stop changing out there and fix the inside—mean conflict.*

There will be conflict whenever there is a complementary team. The aggressive team member deals with how to adapt the organization to the changing environment. The stable, sensitive one stabilizes and integrates the company. We need the diversity of styles and diversity means conflict. So, there is no management of change without conflict.

There is no change without conflict, period. Change is life, and life means problems, and problems need to be dealt with, which means conflict, and conflict causes pain.

*Life is pain, is that what you're saying?*

Yes, I mean that. No one likes conflict unless they have a mental disorder.

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<sup>1</sup> There is an Adizes Institute program, systematized and structured, to make that happen. We will discuss it later in our conversations.

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Conflict takes energy. It is painful and thus people look for solutions where there will be no more conflict. People look for continuous harmony. Love sells. Bookstores are full of books about how to avoid conflict, how to live in harmony. Religions promise that if one follows their belief system they will end up in heaven. The idea that there can be ongoing harmony and no more conflict and no more pain has been the selling proposition of religions, of feel-good gurus, and of political ideologies like Communism. But get real. It will not happen. It cannot happen because of...

*Change.*

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There is  
no change  
without  
conflict.

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As long as there is change there will be conflicts. The more change the more conflicts. The faster the rate of change the faster and more chronic the conflicts. Do you realize more people were murdered in wars in the twentieth century than cumulatively in the history of mankind? As change is further accelerating and technology offers more and better weapons of mass destruction, like chemical devices and nuclear bombs, in the twenty-first century we might as well destroy ourselves all together.

Change is life and life is a long string of never-ending problems, and the attempted solutions give rise to conflicts.

*Now I understand why people say: "Life is a bitch and then you die."*

In almost all cultures I know they say: "Little children, little problems. Big children, big problems." We will always have problems as long as we live. We will stop having problems only when we die. On the tomb of Nikos Kazanstakis, the author of *Zorba the Greek*, it says: "No more hope. No more fear. Finally free." We are finally free, no more pain, when we die.

*But conflicts can be destructive.*

You bet. That is one reason, maybe the major one, why people do not like change. They want to change, to solve a problem, as long as there is no change.

Do not avoid conflict by avoiding change. Avoiding change is avoiding life. When there is no change there is death. The idea is not to avoid change but to make conflicts caused by change constructive and not destructive.

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Do not avoid conflict  
by avoiding change.

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*Good idea. How?*

Conflict is energy. It is like rushing water. You can make electricity if you know how to harness it or, if not, it will cause a destructive flood.

How to harness, not dissolve, conflict is an excellent subject for more conversation.

*Great, I'm looking forward to it.*

# About the Adizes Institute

For the past forty years, the Adizes Institute has been committed to equipping visionary leaders, management teams, and agents of change to become champions of their industries and markets. These leaders have successfully established a collaborative organizational culture by using Adizes' pragmatic tools and concepts to achieve peak performance.

Adizes specializes in guiding leaders of organizations (CEOs, top management teams, boards, owners) to quickly and effectively resolve such issues as:

- Difficulties in executing good decisions.
- Making the transition from entrepreneurship to professional management.
- Difficulties in aligning the structure of the organization to achieve its strategic intent.
- Bureaucratizing—the organization is getting out of touch with its markets and beginning to lose entrepreneurial vitality.
- Conflicts among founders, owners, board members, partners, and family members.
- Internal management team conflicts and “politics” severe enough to inhibit the success of the business.
- Growing pains.
- Culture clashes between companies undergoing mergers or acquisitions.

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Adizes also offers comprehensive training and certification for change leaders who wish to incorporate into their practice the Adizes Methodologies for managing change.

Adizes is the primary sponsor of the Adizes Graduate School, a non-profit teaching organization that offers Master's and Ph.D. programs for the Study of Leadership and Change.

For more information about these and other programs, please visit [www.adizes.com](http://www.adizes.com).

