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*We Help You Focus Clearly,
Organize Effectively,
And Act With Courage*



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Flying Chaos Factory

At the conference, we attended a hands-on workshop that replicated ordinary events encountered by organizations. Its purpose was to demonstrate how different types of organizations respond to unpredictable and constantly changing environments. Here's what we found:

- In the morning, our traditional production line responded so slowly and poorly that we went out of business. Labor and management mostly ignored each other, quality was poor, we couldn't adjust quickly enough to design changes, customers rejected our orders, and scrap inventory was huge.
- After lunch, we reorganized into cross-functional, self-directed work teams. Each was multi-skilled and accountable for its orders. We placed considerable emphasis on developing an information system that enabled all employees to track orders, output, and quality.
- As production started and changes occurred, it was clear that this organization was more resilient. However, after a period of stable, profitable operation, a change in leadership led to a strike and spin off of a new company with half the work force.
- Competition intensified, relationships changed, and finally one company used internal innovation to create a new market. □

Go Forth and Grow

Have you been hankering lately to get things “back under control” when deep inside you know that may not be possible? Recently several of us attended the 3rd Annual Chaos Network Conference and walked away with those feelings confirmed and our world turned inside out. Our frameworks for planning, managing, and consulting were both challenged and enriched by intriguing new concepts. Here are some highlights:

1. Building changeability vs. managing change.

“Managing change” assumes an end point with predictable outcomes and the underlying belief that after this is done we can get back to normal. Chaos theory recognizes that change is constant, results are unpredictable, and stability is only a phase. “Building changeability” means becoming skilled at influencing and adapting to *continuous* change.

2. Planting seeds vs. planning strategy.

Chaos theory is turning the world of planning on its ear. Traditional planning methods assume that you have some control over your environment and by your actions you can deliver precise results; the focus is on scoping objectives and detailing action plans. Vision-based planning methods assume you can influence but not completely control your future, so the focus is on building a clear and compelling vision and identifying opportunities to act. Chaos-based methods assume that you can neither control nor directly influence your future. They focus more on seeding the organization with clear values and creating feedback loops from which everyone in an organization can learn and adapt to changing conditions.

3. Supporting change vs. directing it.

In a chaotic system, change can come from all quarters simultaneously. Leaders can't possibly direct it all, and to do so would cripple an organization's ability to respond. A more appropriate role is to seed the values, teach others how to see patterns and options, develop connections, and set wise boundaries.

In coming issues we'll explore this new world even further and spend time examining organizational development in this light. □

This edition was co-authored by Anne Knapp, GE Capital Fleet Services, and Cathy Perme, president of C. M. Perme & Associates, Inc. Both are using chaos theory to help frame and shape