Managing change in a world of excessive change: Counterbalancing creative destruction and creative recombination

By Eric Abrahamson

Reprint # 9B04TA04

IVEY MANAGEMENT SERVICES • January/February 2004
COPYRIGHT © 2004

Managing change in a world of excessive change: Counterbalancing creative destruction and creative recombination

Over the years, change management, or sweeping out the old and bringing in the new has…what else?…changed. But rather than initiate something drastic like creative destruction, leaders should consider a much more modest - and perhaps more effective approach - creative recombination. As this author suggest, this can produce a lot of gain with much less pain.

By Eric Abrahamson

Eric Abrahamson is Professor of Management at the Columbia University Business School, and the author of *Change Without Pain: How Managers Can Overcome Initiative Overload, Organizational Chaos, and Employee Burnout* (Boston: Harvard Business School Press, 2004).

Almost any book, article, course, or consulting advice about how to manage organizational change today will tell you that change is good and that more change is better. Advocates of revolutionary change prescribe change that *destroys*, in one short burst, all the past structures of an organization. The stated goal is to *create* organizations afresh, freed from the cold grip of the past. This approach was described in a recent book that is aptly entitled Creative Destruction. Advocates of evolutionary change prefer a kinder, gentler form of creative destruction, a slower, more gradual, series of smaller changes that incrementally destroy existing practices and replace them, progressively, with newly created ones. Still other students of change recommend both evolution and revolution, in alternation, in which paradigm-busting bursts of revolutionary creative destruction are followed by periods of evolutionary adjustments, which way to another revolutionary outburst .

Despite its diversity, this change-management advice has three features in common. *Creative destruction* is its motto, *change or perish* is its justification, and, *no pain no change* its rationale for overcoming a purportedly innately human "resistance to change" in order to win the race to inventing a spanking new future ahead of their competitors.

No pain, no gain? Or, painless change.

We all know this change story so well by now, it has become so much of a cliché, that Spencer and Johnson could tell it, fairy-tale style, in their runaway best seller, *Who Moved My Cheese*. Two mice and two mini-humans face change that has destroyed the existing order. Someone (who?) moved their cheese from the place in the maze where they had become used to finding it. Only one of the little humans works through seven change-management steps to counter his "resistance to change", "reach closure", and "move on". He lives happily ever after in his freshly created world, ready if not eager to adapt to any and all changes in his food supply.

Wouldn't it be wonderful if each disruptive episode of creative destruction had such a cheesy, fairy-tale ending? What fairy-tale treatments of change management miss, however, is that many global firms started on the path to change by continuous creative destruction, over 20 years ago, when growing global competition caught them off guard. Many of these firms have creatively destroyed themselves, repeatedly, over the last two decades - sometimes quite literally. What fairy tales do not tell you is that we are now in a position to look back and start evaluating the results of the call to continuous creative destruction. A study of one hundred large-scale creative destruction episodes, including TQM, BPR, right sizing, restructuring, cultural change, and turnarounds, found that more than half did not survive their initial phase, with the vast majority of the remaining half failing partially or completely . Two independent studies report that two thirds of the hundreds of more evolutionary TQM programs studied failed and were abandoned . Another

study of the more revolutionary BPR programs, by one of its originators, reports a 70 percent failure rate. What fairy tales do not mention is that we now know that many organizations make big revolutionary changes *and* perish, or worse, they change *and therefore* perish . What they overlook is that continuous evolutionary change has its advantages, but that it can create such intense change-related pain that it erodes organizations' very capacity to change successfully, adapt, and survive .

Many of the CEOs and executives I work with agree wholeheartedly that the pain of continuous disruptive change has become a serious problem in their firm. But, they ask, "Is such pain avoidable?" After all, did not the prominent behavioral scientist, Kurt Lewin, once write "There can be no change without pain"? Or, to put it more succinctly, "No pain, no change". What gives strength to their questions is, to put it bluntly - that Lewin was right. Or, at least, he was right *then*. In the current environment of change created by 20 years of creative destruction, it is important not to accept the change-without-pain wisdom indiscriminately. It is important, rather to build upon it. Yes, often no pain means no change. But, as Al Dunlap of Sunbeam fame showed us so clearly, *excessive levels* of change-related pain can render change slower, more expensive, and much more likely to fail entirely. In other words: "More pain, less change". We must challenge ourselves, therefore, with the very real possibility that in a world of recurrent highly disruptive change, less pain may enable both more, and more effective, change.

In an earlier article, I took up this challenge, proposing the notion of dynamic stability - alternating periods of stability and change in order to exploit the benefits of each and to counter the disadvantages of both in isolation . This article takes up this challenge in a different way. It outlines a much less painful approach to change -- whether it is evolutionary or revolutionary. It is an approach that makes it possible to manage change in a less disruptive fashion in order to achieve "sustainable change" - a series of changes that leaders can execute without the excessive disruption and pain that erodes employees' and organizations' capacities to make still more changes, at equal or lower cost, and with equal or greater success. It is also an approach that does not take the "no pain, no change" cliché as a given, or worse, as a cynical excuse to justify all forms of badly managed change. And it is an approach, rather, that takes "change without pain" as

an ideal that, even if unattainable, should be the standard against which we measure change in our current world of already excessive change. I should mention that the interested reader can find this approach developed in much greater detail in my recent book *Change Without Pain*, along with accompanying change management maps, examples, techniques and programs, downloadable at ChangeWithoutPain.com. I call this approach Creative Recombination.

Creative recombination

To clarify what recombination is, consider what it is not: Recombination is not *Creative Destruction* -- obliterating the past in order to make way for some notion of a brand-new future. This approach is exemplified by divorcing to remarry, gutting your house to rehabilitate it, downsizing your work force in order to rehire, and destroying the current organizational structure in order to restructure, exemplify this approach. Creative destruction is precisely the kind of highly destabilizing and painful change-management process that books about managing change have over-prescribed for several decades.

Creative recombination, by contrast, recognizes that organizations frequently have, in-house, all the existing people, processes, structures, cultures, and social networks they need to bring about change. The creative recombination approach relies on discovering and pulling out these existing organizational assets, redeploying them, and recombining them to bring about change. This approach minimizes disruptive and painful destruction by using the assets organizations already have and recombining them creatively in a new and successful fashion.

It would be natural, at this point, to prescribe actions, as many pragmatic executives might expect. However, as is the case with medical practices, it is dangerous and downright irresponsible to prescribe change-management practices without addressing two types of questions. First, what problem does the practice address, what are its causes, and how does the prescription remedy these causes? Second, and more pragmatically, how does an executive detect the symptoms of the problem in order to know if and how extensively they should use the practice, or whether they should use it at all? The failure to preface management techniques without answers to

such questions is probably the main cause of countless management fads. Therefore, before discussing how leaders can use creative recombination to both avoid and alleviate the cause of excessive change, I explore first its symptoms, and then its causes and its consequences.

What are the symptoms of excessive change?

To begin answering this question, consider the case of an employee whom I will call Jennifer. In her three years at America Online, Inc., one of the companies under the AOL Time Warner umbrella, she has witnessed one mega merger, followed by a succession of three CEOs. Each one tried to put his own imprimatur on the firm - their mission, their vision, their 100-day plan. Jennifer calls these their "text-book message," messages which, according to her, "all sound the same because every leader today has read the same change management books."

The point that I am making is that the verdict on continuous revolution is now in and, sad but true, creative destruction by revolution *tends to be, on average, extremely risky for companies*

During her three years at AOL Time Warner, Jennifer's boss has been changed four times; she is about to move on to her fifth boss. Not surprisingly, in Jennifer's words, "the only thing [she] knows is that everything will change every six months". As she puts it "One day this top team in is favor, another day that one is. One day this is the strategy, another day that is. One day this is how we implement, another day that is how." Strategic execution, in particular, swings back and forth, pendulum style, between one approach and another. Indeed, everything changes repeatedly in Jennifer's world, not only her leaders, managers, strategies, and priorities, but also AOL Time Warner companies' culture, structure, evaluation processes, and reward systems.

How does Jennifer react to this constant change turmoil and chaos? She wishes her firm "would give

initiatives a chance to take off, yet with each new regime comes another set of execution priorities... No leader or employee is given enough time to follow through a plan." At a personal level, Jennifer lives in a world of perpetual start and stops on projects, of pervasive uncertainty. With constantly shifting bosses and evaluation criteria, Jennifer is very unsure about what she should work hard to achieve. She is even more uncertain about her career prospects. As a result, Jennifer has developed what she calls her "defense mechanisms." Her current boss does not much care for her approach. Yet she does not obsess over this. She does what she hopes will prove itself to be right. Besides, she is about to move to her fifth boss, someone she expects will most likely stress different priorities and have different evaluation criteria.

Don't get the wrong impression. Jennifer is not a complainer or a slacker. She cares about her job and her firm's success. She is ever hopeful that the next CEO will launch AOL Time Warner on the right track, and she embodies, I believe, the resilience of this company. She is ready to throw her all into moving in the right direction, if only that direction would stop changing continuously. Jennifer, in short is not "resistant to change" - how could she be? She is rather resistant to excessive change -- "resistant from change" to coin a term.

Jennifer has only been at AOL Time Warner a few years. However, she is already beginning to display many of the symptoms of what I call "repetitive-change syndrome": change weariness, initiative overload, and a corrosive cynicism that builds with each new wave of change, making each succeeding wave all the more difficult to manage. By initiative overload I mean the tendency of organizations to launch more change initiatives than anyone could ever reasonably handle. By change-related chaos I mean the continuous state of upheaval that results when so many waves of initiatives have washed through the organization that hardly anyone knows which change they're implementing or why. By cynicism I mean, in the unforgettable words of H.L Mencken, a person whom "when he smells flowers, looks around for a coffin." .

For firms like AOL Time Warner, and for an employees like Jennifer, the best approach to change may not be another wave of painful, destabilizing

creative destruction. Before turning to creative recombination as an alternative, I have to discuss what causes repetitive change syndrome and what makes it so pervasive and harmful.

Repetitive change syndrome

The cause of repetitive change syndrome can be traced to the change manifestos written in the 1980s, a time when it became clear that global competitors, destroyed during World War II, were making a brutal comeback. These manifestos advocated the use of creative destruction in order to obliterate maladaptive practices that had become institutionalized throughout U.S. businesses during the 1950s, 60s and 70s. They were designed to shock U.S. companies into making the painful changes necessary to compete with the resurgent German, Japanese, or Korean global competitors, to name a few. By the 1990s, however, this creative destruction approach had become too extreme and too over prescribed.

"Don't automate, obliterate" Michael Hammer told us in his book, *Reengineering the Corporation*. Remember now, that following the publication of Michael Hammer's 1993 book, *Business Process Reengineering*, (BPR) spread to companies large and small like wildfire. A Bain & Company survey of management tools indicates that close to 80 percent of major firms in the U. S. and abroad had adopted BPR by 1995. By then, however, the management fad had peaked and had started its brutal collapse. The same survey indicates that from 1995 onward, firms abandoned BPR in droves, and the number of articles eulogizing this technique dropped from close to 300 a year to below 100 articles, most of which attacked and debunked BPR. Hammer could not stem the tide, even with his 1997 book, *Beyond Reengineering*.

So, let's take a more sober look at the consequences of overselling creative destruction. Begin by looking at creative destruction manifestos like *Reengineering the Corporation*. But, do so quickly, because the bold creative destroyers held up as models for all organizations to emulate frequently end in disaster, only a few months after the manifesto's publication. Even Hammer's consulting firm could not reengineer itself successful when the BPR fad tanked. Another book advocating creative destruction held up Dow Corning

and Enron as two successful revolutionaries that should be emulated. A few months after this book was published, it became clear that the market for broadband was not going to materialize as quickly as was once thought and Corning as well as other revolutionary compadres like Marconi were swimming in an ocean of red ink. Then Enron blew up, embarrassing not these authors, but other authors who had propped up Enron as the fashion supermodel of the creative destruction approach.

Clearly, it is dangerous to dwell only on these examples. The risk is to make the overblown point that all creative destruction is bad. There are, after all, the IBM's of the world that revolutionize themselves very successfully. The point that I am making is that the verdict on continuous revolution is now in and, sad but true, creative destruction by revolution *tends to be, on average, extremely risky for companies*. Consider these facts: in 60 percent of industries studied, revolutionary creative destruction decreases - rather than increases -- corporate survival rates. Revolutionary creative destruction has been found to hinder rather than help the survival rate of newspapers, hospitals, airlines, wineries, savings and loans, automobile manufacturers, semiconductor manufactures, bicycle manufactures, Japanese banks, and even post-perestroika communist newspapers. Evolutionary creative destruction has its advantages. Yet, the more frequently firms change, the greater the likelihood of failing.

If you need still more evidence highlighting the risks associated with creative destruction, then consider the results of the wave of creative destruction by Downsizing that occurred when BPR rendered so many old employees redundant. While BPR was on the rise, more than 90 percent of firms across Canada, France, Germany, Great Britain, and the United States downsized, and in excess of two-thirds of these downsizers planned to do it again. This despite a clear pattern of empirical evidence indicating both that fewer than half of the firms that downsized in the 1980s improved profit or productivity, and that their stock price lagged industry averages at the end of the decade. In one study of 281 acute care hospitals, for instance, mortality and morbidity rates were between 200 and 400 percent higher in those that downsized! Moreover, costs savings associated with downsizing disappeared in a period ranging from a year to a year and a half.

Destruction of employee and customer trust and loyalty
Loss of personal relationships between employees and customers
Disruption of smooth, predictable routines in the firm
Increase in and formalization of rules, standardization, and rigidity
Decrease in creativity
Loss of interpersonal interactions over time, leading to decreased cross-unit and cross-level knowledge
Less documentation and therefore less sharing of information about changes
Loss of employee productivity
Loss of a common organizational culture
Loss of innovativeness
Increased resistance to change
Decreasing employee morale, commitment, and loyalty
Escalation of politicized special-interest groups and political infighting
Risk aversion and conservatism in decision making
Increased costs and redundancies
Increasing interpersonal conflict
Negative effects on the personal health of employees (e. g. increases in headaches, stomach problems, and elevated blood pressure, as well as reports of increased drinking and smoking)
Increases in negative psychological symptoms (e. g. anxiety, depression, insomnia, feelings of helplessness, cognitive difficulties)
Loss of self esteem, loss of self mastery, dissatisfaction with self, pessimism, powerlessness, and rigidity
Decreases in family cohesion, increases in conflict, decline in spouses' psychological well being, increases in domestic arguments, deteriorating family climate, and a sevenfold increase in divorce and separation

Source: K. S. Cameron 1998."Strategic organizational downsizing: An extreme case," Research in Organizational Behavior, 20: 185-229.

syndrome, raise the cost of change, and lower its benefits, causing future changes to become even more costly and even less likely to succeed. In short, the default option in the rapidly growing number organizations that are suffering from repetitive change syndrome or are at risk of doing so should not be creative destruction, but rather something much less disruptive like creative recombination.

Creative recombination starts with the assumptions that organizations frequently have, in-house, all the existing people, processes, structures, cultures, and social networks they need to bring about change. Creative recombination relies on discovering and pulling out these existing organizational assets, redeploying them, and recombining them to reach new ends.

Moreover, at least two studies, and often many more, report one of the 20 problems associated with downsizing which are listed in Table 1.

Creative destruction and creative recombination

The creative destruction advice is not so much wrong as it has been over generalized. Yes, creative destruction can be necessary. Yes, it can even be less disruptive and costly in certain situations. However, in organizations, like America Online, Inc., suffering from repetitive change syndrome, creative destruction is the change modality most likely to exacerbate repetitive change

As an illustration, consider the creative recombination of business enterprise software. Software designers have known for a long time that, when older or "legacy" software requires updating, it can be expensive and very risky to destroy it and replace it with newly created, state-of-the-art software. Ask any business enterprise software consultant, and he or she can point you to many cases of companies that drove themselves into near or complete bankruptcy by creatively destroying their business enterprise systems. So, why not use a software interface to recombine legacy software with new software objects using what software professionals call "reuse" (reusing software) and "wrapping" (wrapping new software objects around legacy software)?

Take the example of Pacific Bell . Like many companies that did not centralize the development of their IT infrastructure, it found itself in the late 90s with close to a dozen incompatible IT systems handling billing, problem reporting, customer service, and so on - a problem for a company hell bent on presenting a unified IT face to its varied customers. Pacific Bell, however, did not go through the costly, disruptive, and painful exercise of ripping out all its legacy systems and replace them with one massive integrated IT system. Rather, they used a software wrap to recombine 11 new and old systems at a fraction of the cost. Hewlett Packard and Ericsson, to name pioneers of software recombination, provide other good examples of the successful use of this approach.

The creative recombination of software, in particular, and creative recombination, more generally, tends to have at least four major advantages. **First**, it can make change much less costly. The cost of new software, for instance, correlates directly with the amount of software code written. So reusing legacy software code can mean saving thousands upon thousands costly lines of code. **Second**, recombining existing organizational assets capitalizes on existing knowledge and experience developed around these assets. This can eliminate the need to learn entirely new processes. **Third**, recombining existing organizational assets tends to engender much less transition chaos than does creatively destroying them. The later requires stopping the system, obliterating the old processes, redesigning the new one, putting it in place, debugging it, and habituating employees to its entirely new features. **Finally**, the Not-Invented-Here syndrome, the tendency of employees to reject brand new processes when they did not create them, becomes much less of an issue. Again, the method is not a foolproof fad that works everywhere and does everything with fantastic results. Software designers have made efforts to specify when creative recombination or destruction are preferable.

The metaphor used most often by those who creatively recombine is that of Lego. To change from one

Lego structure to another, it is not necessary to creatively destroy the first structure, throw out the Lego, buy a new set, and rebuild the new structure. This capacity to recombine entities created around a common standard has itself been the basis of Lego's strategy of recombining different Lego elements to sell children products ranging from buckets of loose Legos, to pre-assembled cars, boats, houses or spacecrafts, and more recently -- robots. Moreover, children playing with Lego parts, Lego motors, and Lego computer programs are creating all forms of fascinating Lego recombinations - one developed a card-shuffling robot, another one a pneumatic hand capable of picking up spherical objects, and still another a robot that makes coffee.

Other than business enterprise software, what are the organizational equivalents of Legos that could be

Figure 1. The Recombinant Framework
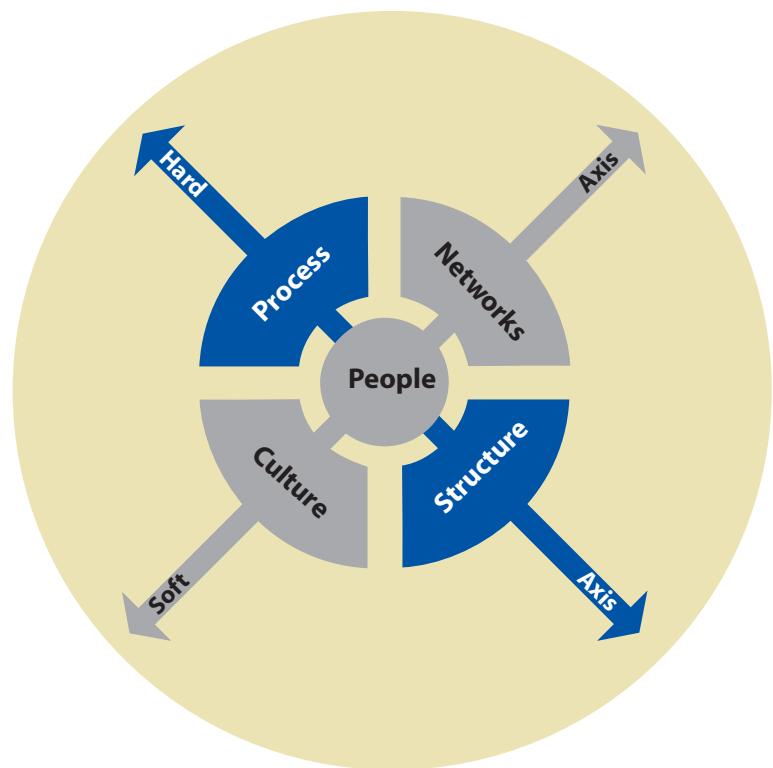
Source: E. Abrahamson, "Change Without Pain: How Managers Can Overcome Initiative Overload, Organizational Chaos, and Employee Burnout." (Boston, Harvard Businss School Press, 2004)

recombined to bring about change? On the hard axis, the

grey Legos are the firms' processes and structures. On the white axis are its people, networks, culture.

A firm uses creative recombination very time it reuses, redeploys, and recombines some aspect of its people, culture, social networks, organizational structure or business processes.

Recombining processes and structures

In certain ways, as the Nobel Laureate Herbert Simon pointed out, organizations are analogous to computer programs . Just like computers, organizations have to carry out certain processes - business processes we call them - sales, for example. The organization's structure (the sales department, sales reporting lines, sales measures and incentives, for instance) like a computer program, guarantees that business processes are carried out recurrently, reliably, and successfully.

Executives cannot take every organizational asset, clone it, and recombine it, as if they were copying one piece of software onto another computer. Rather, three recombination techniques are worth noting. I call them cloning, customizing and translating.

Consider cloning first. Increasingly, companies have discovered that they can accomplish highly effective process and structural changes simply by cloning and recombining the business process and structures that they already have in-house. Intel, for example, was dismayed to find wide variations in productivity and quality across its plants throughout the globe. This pushed it to adopt a new production approach it calls it calls "Copy Exactly." In 2002, Intel implemented this approach when it cloned one of its successful factories into an equally successful factory at Rio Rancho, New Mexico. Such cloning, when it is possible, is relatively easy. All that is required is carefully mapping out the clone, cloning it, and turning the on switch.

Creative recombination can involve more than cloning existing processes and structures. It can require rendering compatible processes and structures originating in different locations, in order to recombine them. Consider the example of Ford. The development cycle for a Ford car was slower than that of competitors. It was one full year longer than Toyota's, the industry leader, and more

costly as well. Not surprisingly, Ford's performance has been problematic and it is under strong pressures to change.

Ford executives took a closer look at what they already had in house. In particular, they turned their attention to Mazda, a company they had partly owned, and which they had acquired because of its collapsing auto sales. Ford's solution was to recombine Mazda's two-year long development processes with Ford's superior sales and marketing processes and structure. Mazda's development process, itself, exploits the power of creative recombination. The key, in the words of Phil Martens, a Ford executive who learned from his Mazda experience, was "Just copy it if it's better, cheaper, faster and proven … Just take it."   Recombine body frames, suspension, brakes, engines and transmissions - anything that exist in current models -- in order to change to a new model.

Marten's recombination of Mazda's "copy-that" approach was not straightforward cloning however. Ford differed from Mazda in many respects. Ford had lost its long-standing culture which valued reuse and recombination over green field invention. Development at Ford occurred in five big silos organized by vehicle types. For example, there was the "Tough Trucks" silo, such as pickups. Each silo created its own unique auto-components. Each repeatedly reinvented the wheel - sometimes quite literally. So Martens had to customize the approach in order to recombine with Ford's existing processes and silo structure. The net result, without going into detail, has been that 10 cars and car-SUV hybrids were recombined over the last year from existing Mazda-6 auto components.

The Ford example illustrates how recombining business processes and structures often mandates that they be customized, not only in order to fit with other existing business processes and structure, but also to meld with a different set of people, social networks, or cultural norms and values. Customization occurs when change agents have to modify certain means to recombine them in a new context in order to achieve certain ends.

Mere customization may not be enough, however. Consider another example, Northrop, the aerospace manufacturing firm, and how, with the help of a popular maker of pound cake and other food products, it translated a production process used in the sports industry into one

useful in the aerospace industry. In making certain fuselages, wings, noses and tail sections, Northrop had begun substituting production processes using aluminum as an input, for production processes using much cheaper, lighter and more durable carbon-composite materials. This meant borrowing and recombining a production processes from tennis racket and ski manufacturing industries. However, as carbon materials have to be kept at low temperatures prior to handling, recombining carbon materials with aircraft production techniques required cooling processes that could keep large sections of aircrafts at low temperatures. The production process for these materials, therefore, had to be translated for their use in the aerospace industry.

rather than being a slow ponderous process, the reviving of latent cultural values and their recombination with current priorities made culture change a much less painful process, occurring in matter of months rather than years.

In order to design such cooling processes, Northrop engineers turned to engineers at Sara Lee bakery products -- experts in the process of refrigerating large facilities. What resulted saved the company time, money, and pain-though it required translating processes used for food, tennis rackets, and ski production to fit the aerospace production context.

Involved in this recombination was much more than cloning -- using the same means for the same ends. Much more even than customizing - using modified means for the same ends. Some of the means had to be reinvented, following the outlines of existing processes, in order to achieve the desired ends. This third recombination process I call "translating". The French soft drink brand Pshit, for instance, will never work in an Anglo-Saxon context without a bit of inspired translation.

Business processes and structures constitute the hard axis of the recombinant map. People, culture, and social networks form its soft axis. Let's turn to the latter first.

Recombining people and social networks

Compare a social and a computer network. Computer networks are powerful communication tools, but they are hard to design, relatively inflexible, and costly to install, learn, and update. Consider another approach. Rather than creating or updating expensive computer networks, start by exploiting existing social networks within your firm. This is what Ford did in the previous example. Rather than creating a complex B2B supplier network to support its "copy-that" strategy, it leveraged the extensive, well established, and extremely flexible supplier networks Mazda possesses in Hiroshima.

Consider now a more complex example that required more customizing and translating in order to recombine existing social networks. The pressure to separate accounting firms' auditing and tax functions from their consulting functions gave birth to Deloitte Consulting. The type of largely IT consulting the firm does is increasingly specialized. John Smith is a Deloitte Consulting partner whose background was in auditing. John, interestingly, has a network of 500 social contacts that put him, as he puts it "only two phone calls away from every major CEO, CFO or political figure in the U.S." Not surprisingly, John brought in over $50 million of business last year.

The world has changed dramatically for John over the last ten years. As he puts it "Today, no customer would ever engage one of our consultants to take a look around for an opportunity to make something better. Our customers come to us with a very well-defined problem and a very clear idea of what highly specialized solution to the problem they want implemented." As a result, Deloitte consultants have had to become increasingly specialized - "they know more and more about less and less" as John puts it. Not surprisingly, these consultants, who are perpetually on the road to deliver on their specialized engagements, find it hard to develop the type of high- yield social network that John developed in a different practice based more on auditing.

One solution would be to put in place highly sophisticated computerized customer tracking and referral systems, like those that log every referral, customer

maintenance active, and customer engagement. Deloitte Consulting, however, has gown well beyond such a mechanical solution. It focused instead its existing assets. A little research helped it discover its fifty best- networked junior partners. Following the model established by John, their responsibility is no longer to deliver on specialized engagements, but rather to build their networks and deliver business to the firm.

Recombining culture

There are many example of cultural recombination. Let's reconsider the Ford-Mazda example. Is Ford's shift towards reusing and recombining existing really a new value for Ford? Or is it rather a dormant value. One that already lies dormant in the firm's culture, waiting to be revived, reused, and recombined? The answer is, unambiguously, the latter. Historians of technology agree; almost every aspect of Ford's mass production system was not invented at Ford. It borrowed from industries as far flung as meat-packing, and customized or translated what it found for auto mass production. At its very core, Ford was a company that was built on inspired copying, reuse, and recombination.

The genius of Ford's leadership is that they understand that the only way to bring about rapid and successful cultural change is not to destroy the old culture in order to create a brand new one. They realize that they can achieve rapid and successful cultural change by reviving existing, if latent, elements of Ford culture. They have learned the experience of Werner Niefer, who brought about swift painless cultural change at Mercedes in the late 1980s by reviving its dormant appreciation for high-performance sporty cars. They have learned the lesson of Charlotte Beers, at Ogilvy and Mathers, who turned around that company by stressing values of brand marketing, developed the year before by its founder, Charles Ogilvy. They have learned of the experience of Steve Jobs at Apple, who revived the firm's latent values for "creating something insanely great" in order to launch the Imac. In each instance, rather than being a slow ponderous process, the reviving of latent cultural values and their recombination with current priorities made culture change a much less painful process, occurring in matter of months rather than years.

The next change-management fad?

Creative recombination has widespread applicability

to many types of changes -- process, structure, people, network or cultural changes. Moreover, it should be clear from the Ford example that creative recombination need not be employed with only one type of recombinant at a time. The Ford case, for instance, involved Mazda's development processes, people, and supplier networks, recombined with Ford's marketing processes, latent cultural values, and market clout. The Ford case also signifies that creative recombination need not occur on a small scale. There have been many highly successful large- scale recombinations, some of which are described in my book Change Without Pain, along with the techniques used to implement them successfully.

The versatility of creative recombination, however, makes it necessary to sound one unambiguous warning. Creative recombination is not a change management cure-all. No approach can live up to such a claim, and any approach that successfully disseminates this claim will become the next change management fad. I intend Creative Recombination, rather, to work as an alternative or a counterbalance to creative destruction.

Let's be very clear: Creative destruction may be necessary, and even preferable, in certain situations. In certain cases, it may even provide the best approach to achieve change with the least amount of pain. Creative destruction is not, however, the only option. Like creative recombination, leaders and managers must use it judiciously, at the right time, and in the right balance. Tools that help make this decision are discussed in Change Without Pain and at ChangeWithoutPain.com. In the final analysis, however, senior executives will have to strike this optimal balance between when and how much creative destruction and creative recombination they employ, given the idiosyncrasies of their situation and how much pain their firm can tolerate. It will be a hard and even delicate task, but, without intending to be flippant, it has to be said that that is why executives make the big bucks. ∎