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Jazz-Inspired: Manage Change by Improvising

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Faced with inevitable change, effective managers plan carefully as they lead their organizations through uncharted territory, like a conductor directing an orchestra in perfect harmony. But change does not always lend itself to the careful precision of well-rehearsed orchestration. Indeed, the organizations most responsive to change are often the ones that replace the orchestral model with a new one—the jazz combo.

For when the bounds and scope of change are uncertain, an organization often needs not pre-determined plans but flexible improvisation. The maestro's careful direction should give way to the ad hoc creativity of a group's accomplished practitioners, who improvise within a set of rhythms and chord changes, but without a precise and pre-defined composition.

In fact, contrary to conventional wisdom, the most successful business transformations aren't always those with the most detailed upfront plans. Think of the massive

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technology-related organizational changes most companies have undertaken over the past decade, for example. Corporations have wired themselves to the Internet, enterprise resource planning systems have remapped corporate

processes, and groupware technologies have afforded new ways of organizing. But few companies knew in advance precisely how these technologies would affect them. It was the organizations that stayed flexible that best took advantage of new opportunities, explored new ways of working, and resolved unanticipated consequences. And the same approach could bear fruit in a different organizational change context, whether as a sales force reorganization, a merger integration, or an outsourcing arrangement.

Stay Flexible amid Uncertainty

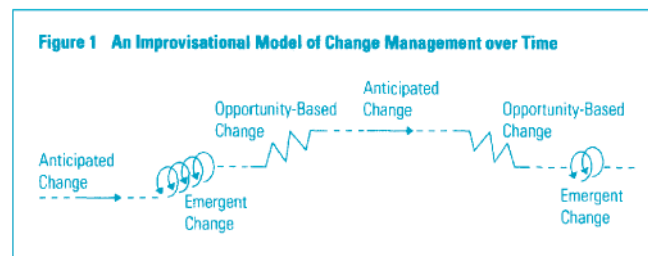
The improvisation approach differs markedly from past approaches to change. The most familiar model describes change as a process of “unfreezing” the organization, undertaking the change and then “refreezing”—in effect, re-establishing a new status quo. By this line of thinking, then, the change process has a clear beginning and a clear finish, when things go “back to normal.” In practice, however, events rarely unfold as expected, and might never return to “normal” as originally imagined. Precise planning works for stable, well-understood, and clearly-bounded projects. But the orchestrated approach rarely succeeds when uncertain conditions undermine the ability of central planners to foresee all consequences. It's hard to plan for the unknown.

Planning does matter. A jazz combo would not work if each musician played a different melody in a different key, and a company should not reorganize its sales force without defining responsibilities, planning milestones, setting budgets and incentives, and anticipating social

ramifications. However, as Thomas Edison is believed to have said, “good fortune is what happens when opportunity meets with planning.” It pays to prepare for course alterations as circumstances change—as indeed they will.

Anticipated, Emergent, and Opportunistic Change

To understand why improvisation is important, consider the three types of organizational change (see figure 1).¹



Most organizations are familiar with **anticipated change**.

In fact, companies embark on all projects with some grasp of how they expect events to unfold. Critical factors and phases are mapped out in a detailed timeline, with well-defined expectations, milestones and contingencies: these are the planned-for transformations that encompass anticipated change.

At some point, however, it is likely that managers, employees, customers, partners, or some other constituency will begin to make adjustments and adaptations that veer from the anticipated. This is **emergent change**, the unplanned-for practices and actions that arise spontaneously from what is happening on the ground. Technologists might think of this as innovation at the user level.

In 2001, for example, the admissions office of the MIT Sloan School of Management made a dramatic shift to Web-based student applications.² Even as the project achieved its original goals—reducing administrative costs, simplifying staff processes, improving communications with applicants, and reinforcing Sloan’s image of technological innovation—other things began to happen. As part of the process, the admissions office created the AddMIT Sloan website to market the school to applicants and to communicate with admitted students. Within months, members of the class who met in an AddMIT “chat room” went off on their own to create a user group on the Yahoo! website. So

the move to online applications spurred admitted students to form a vibrant online community without any direction from the school.

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Sloan nurtured the online community, even linking to the forum from its own website. By embracing the emergent change, the school partook of **opportunistic change**—activities that are not anticipated, but that are introduced “officially” later in the change process. Smart organizations can create opportunistic change by recognizing and institutionalizing emergent, grass-roots practices, as Sloan’s admissions office did.

Opportunistic change also includes realizing when unforeseen capabilities emerge. One software company introduced a Lotus Notes-based system to improve its customer support capability. This anticipated change—the implementation of a real-time incident-tracking system—successfully helped to log customer calls and maintain a history of issues and customer problems. Later, the firm realized that the accumulating database of solved cases could be adapted to serve as a training tool for new hires. The company leveraged the system for new purposes that it did not originally foresee—it improvised when it saw a new opportunity.

In this sense, opportunistic change can happen outside the bounds of a change project, if companies are alert and ready to improvise. For example, eBay CEO Meg Whitman told *BusinessWeek* in 2001: “We didn’t set out to create an auto category. One month, we saw the miscellaneous category had a very rapid growth rate, and someone said we have to find out what’s going on. It was the buying and selling of used cars. So we said, maybe what we should do is give these guys a separate category and see what happens. It worked out so well that we created eBay

Motors.”³ Over \$11 billion worth of cars were sold through eBay Motors in 2004. That’s what everyday improvisation can achieve.

Plan to Improvise

Clearly, there are times when emergent or opportunistic changes are less likely. Think of Intel’s “copy exactly” approach that attempts to precisely replicate its chip fabs wherever they are built. That’s a useful model when you can pinpoint in advance precisely what should be copied, and you have some confidence that conditions will not require local adaptation.

But even areas where past precedent can serve as a guide contain uncertainties. Technologies change, markets evolve, new competitors emerge, and the economic and political landscape keeps shifting. Similar uncertainties abound in domains, whether small scale or large, that involve changing work practices. Can an acquired company’s sales culture be integrated with ours? How will we work with our new development team in India? Will “hotelling” our professional service employees make them more effective? What about encouraging more or less telecommuting?

Adapt When You Cannot Foresee

When uncertainties dominate, organizations cannot predict changes or their impacts accurately. Brian Arthur, an economist with the Santa Fe Institute, has noted that operating in such conditions is akin to playing a game when the rules are emerging as the game is being played: “When the

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games themselves are not even fully defined, you cannot plan, control or optimize. What you *can* do is adapt.”⁴ So an organization’s best plan is a plan to improvise.

Such a plan might entail a number of small-scale experiments. It is not uncommon, for example, to see a technology roll-out on a group or division level, before it is extended to

the whole corporation. It reduces uncertainties by revealing how the organization responds to the change, how creative employees develop emergent practices, and what missteps or unforeseen consequences to avoid or pursue. The experiment may well “fail” according to its original benchmarks, but that is to be expected when experimenting. It’s not the mistake that matters, it’s what you learn from it that does.

Create a Learning Environment

In fact, a learning environment is a precondition for improvisation. One company sends employees to visit its global locations, so they can learn from each others’ innovations and practices. “Steal with pride,” it tells them. People informally develop ways of working that could have great value if shared. When managers encourage employees to improve practices on their own, rather than mandate a strict flowchart of activities, they can nurture emergent change. And managers have to be on the lookout for emergent outcomes, and learn how and when to leverage them.

Encourage Flexibility

If improvisation is to be encouraged, then senior managers also need to allow some flexibility in budgeting and timetables. Again, small-scale experiments can help by reducing upfront commitments and by helping to define the costs and benefits of a larger-scale roll-out. Just as important, employees’ evaluation criteria should accommodate improvisation. Employees should not be penalized for experimenting—and possibly failing. And they should be rewarded for developing innovative emergent practices in the face of this change. When everyone recognizes that conditions are uncertain and the rules of the game are being created in the playing, plans become effective guidelines rather than rigid prescriptions for action.

These lessons in improvisation are relevant even when there is no internal “change project” per se. eBay’s evolution from a marketplace for Pez dispensers is a perfect example. When Pierre Omidyar founded eBay in 1995, did his business plan map out how he would create a leading global enterprise in a decade? Hardly. Users of eBay have been improvising and leading the development

of eBay ever since. The normal way of doing business at eBay is to seek out emergent change and turn it into new opportunities.

Improvise Today for Success Tomorrow

That type of improvisation makes an organization more adaptive when marketplaces shift, technologies develop, companies globalize or the landscape changes in other unexpected ways. And an improvisational approach is best facilitated by combining planning with ongoing experimentation and learning. Budgets, timetables and reward criteria should reinforce the ability of individuals to improvise in a way that allows the organization to keep right on playing amid change, without missing a beat.

Notes

- ¹ Wanda J. Orlikowski and J. Debra Hofman, "An Improvisational Model for Change Management: The Case of Groupware Technologies," *Sloan Management Review* (Winter 1997): 13.
- ² Wanda J. Orlikowski, JoAnne Yates, and Nils. O. Fonstad, "Sloan 2001: A Virtual Odyssey," in L. Chidambaram and I. Zigurs (eds.) *Our Virtual World: The Transformation of Work, Play, and Life Via Technology*. Hershey, PA: Idea Group Publishing, 2001, pp. 191-218.
- ³ "Online Extra: Q&A with eBay's Meg Whitman," *BusinessWeek Online* (December 3, 2001), http://www.businessweek.com/@@3G1KrIcQc8f8SgUA/magazine/content/01_49/b3760606.htm.
- ⁴ W. Brian Arthur, "Increasing Returns and the New World of Business," *Harvard Business Review* (July-August 1996): 100-109.

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