Consulting Projects Mobilizing Change and Innovations[1]

Introduction

The goal of these notes is to improve our capacity to lead consulting projects aimed to precipitate performance leaps by introducing changes and innovations in business organizations.

We claim that valuable changes almost invariably come not from rationalistic design based in 'ideas' and 'creativity' but from an iterative and contingent integration of *emergence* and *design-in-action*. The following pages will open a conversation about how our consulting project management practices will benefit from a new focus on conversations.

We mean to use a new commitment-based language for projects that will allow them to be managed more efficiently with less cost, less risk and greater confidence. The result will be expanded value to the customer, and an experience of more direct and satisfying engagement for all the participants.

This approach offers a business phenomenology -based in conversations and language- in which to integrate emerging theoretical perspectives and project management approaches while avoiding spurious eclecticism. It is fundamentally a pragmatic action phenomenology.

Today's Scenario

Today's organizations tend to be lean. A host of factors have contributed to shaping this mind-set: the tech-web bubble, the sub-prime securitization debacle, as well as an inclination to outsource, smart-source or crowd-source key aspects of strategy development and innovation for the sake of efficiency and risk management. Smart organizations recognize an abundance of information, talent, and willpower that is and will be outside their borders; and they are also sensitive to emergent dynamic markets with explosive growth and sharp falls that drives

them toward a 'travel very lean' management ideology. The business world mindset is becoming 'mobile' and demands *single purpose*, *risk free*, *disposable 'apps'*. Opportunities are volatile and need to be addressed with prudence.

This scenario represents an opportunity for consulting teams if they are able to meet the expectations of *austere, conservative innovators/investors:* executives looking to produce changes in their organizations that deliver a round of reliable performance. A

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[1] *Originally, this paper was thought to be used by Billy Glennon and his Vision Consulting Group team. Then, everything changed and it become this.*

market looking for a panacea of risk free innovations delivering short term value**,** but willing to share up-side benefits.

This document expands on a single and often overlooked aspect of that challenge: inventing an approach to project management that allows a consulting team to offer a value-driven innovation initiative along a low-risk/high return project road map.
We characterized this new approach with the metaphors of 'mobile', 'disposable', 'single-

use apps' because these are new structural components of our contemporary landscape that are defining the style of the future: ubiquitous, experimental, simple.

We are confident that the frameworks and theoretical distinctions we offer in the following sections will expand and deepen your capacity to integrate multiple experiences, approaches, styles or recommendations on project management with simplicity and power.

Recap on Project Management

Projects — and project management — are ancient practices. If we reconstruct ancient ventures with modern eyes, we begin to see projects as *something we do when we contemplate and prepare an action before executing it, in such a way that it fosters coherence with a cascade of other actions we will be preparing later in order to achieve a desired result*.

While Project Management has been with us from ancient times — in the channel system of Mesopotamia, in Alexander's building of the Greek-Macedonian Empire, in the first oil-drilling derrick of Pennsylvania — it was the discipline of Scientific Management that brought the 'big-bang' moment in project management theory.

The core of our project management mind-set

What we now refer to as the Scientific Management approach to project management arose out of rationalism and the industrial revolution. This approach was, and continues to be, about the division of work into components to be standardised and re-integrated into a unity for driving efficiencies. In practical terms, the Scientific Management approach was about de-constructing a *unity* to be delivered by the project into its structural *components:* defining a set of separated — *siloed* or sandboxed — *work streams for each of the*

components of the unity; defining a '*chassis' to harness the unity*, identifying dependencies (causalities) and *managing integration gates* to assemble the components into a whole *unity* at once *or in successive integration* moments.

Along the recurrent cycle of vertical integration and decentralized market operation, that cyclically shape industrial organization, the Scientific Management made possible to coordinate a broad variety of simple tasks -that required unsophisticated

skills- to efficiently produce a high complexity, high quality unity.

The historic rationale of project management, having survived several centuries, is still considered valid among project managers today. Indeed, mega-projects — hydroelectric dams, underground transportation, ultra-fast trains, massive public infrastructure projects — are typically managed in this style. However, these mega-projects are often delivered over-budget and over-due by exponential orders of magnitude, such that the waste generated in their wake becomes legend. Product development projects in the US automotive industry routinely overspend by 50% and require 40% more time to deliver models less competitive than their Japanese counterparts. IT development projects are delivered in sprawling time cycles, often producing catastrophic situations for both customer and provider. Innovation projects, while highly promoted and pursued, are neither an easy panacea nor a trustworthy recipe for success, boasting a rate of failure north of 50%.

While it is still viable and valuable, we believe the practitioners influenced by the Scientific Management style either suffer the consequences of its limitations or have used their experience and practical acumen to introduce an multiplicity of improvements that have altered its fundamental orientations.

Often, the 'Scientific Management' approach emphasizes an 'engineering' hard data-driven perspective on project management issues that overlooks dimensions not easily detected by a 'technological listening.' Here are just a few examples of 'soft issues' which can derail a project and drive a weak performance:

• A linear and bureaucratic understanding of projects in which tasks are assigned to team members who passively receive requirements, complete the tasks they 'own' and hand over to the next 'work station' with little understanding of the overall constellation of customers' concerns, and little orientation motivating them to intervene to handle issues, dissatisfactions or opportunities. In these situations, the language of the team typically avoids open controversies between well defined business roles. Instead, issues are articulated as something missing: they are characterized as data issues stemming from lack of information, embedded in 'the system' or alternatively they may be referred to as 'legacy issues,' 'how things are done here,' 'work backlog,' or 'things beyond our sphere of influence.' In such a context, there is little serious intent or capacity for declaring accountability and mobilizing collaboration. Finger pointing proliferates, often in the form of gossip and indirect confrontation.

• Organizational politics, conflicts between roles attached to 'un-disclosable' personal agendas.

• Damaged cultural backgrounds that 'justify' low collaboration and low trust in project teams. These issues are easy to perceive by listening to background moods, which often reveal poor communication, missing conversations, defensiveness, and an inadequate space for expressing doubts, mistakes or ignorance. These aspects are symptomatic of a decaying organization and will contribute to its continued decay, often culminating in M&A's.

• Lack of a unifying narrative to provide the team with a shared strategic context, genuine meaning, and clear sense of the opportunities for all involved in the project.

In other words, a conversation is missing in which an interesting and valuable future is shaped, shared, distributed, and recurrently crafted. In the absence of such a horizon, there is little drive to overcome difficulties, no orientation to navigate moments of confusion, no conviction to break through seemingly insurmountable situations, and no passion for self-transformation.

• Addiction to expertise and undervaluation of ignorance and learning as fundamental practices to innovate.

• Missing relevant skills, capabilities, experience, political sensitivities, expertise or style in the configuration of the team. The team gets stuck in a narrow and rigid understanding of their challenge, with insufficient criteria to assess what needs to be changed or accepted. The conversation of the team is not rich enough to unsettle inherited habits and dissolve historical resignations.

• The whole project is framed incorrectly. Experimental projects, prototyping projects, and standard projects (full roll-out) are aimed at delivering very different types of value, and require very different change management styles and strategies. To run an innovative project requires an amalgam of the three styles. To run the experimental phase of a project with the 'standard' mind-set is a recipe for disaster.

• Obsolete discourses shaping the background out of which the team is trying to make observations and assessments and mobilize action. Obsolete management discourses and practices without sensitivity or ad-hoc practices to detect and act on those situations. The team do not have the capacity to reshape the theoretical frameworks out of which they interpret their situation and their possibilities.

The average project management perspective

The predominant understanding of a project management is defined as a set of activities and resources organized in such a way that, as a result of its completion, it delivers '*something*' that satisfies its initial requirements. That 'something' is called the project *goal*.

For the *average* project manager, the specification of requirements for *the goal* is of critical importance. *Knowing the goal* that is intended to deliver an uncontested verdict of success is the source of a project's orientation, priorities and meaning. The specification of a goal defines the world of a

project manager: 'I have a goal, therefore I exist.'

If the *average* project manager has defined the goal of a project, the project's managerial work shows up as *defining an overarching task* and organizing resources and people using such familiar tools as: Gantt Charts, Critical Path Diagrams, Fishbone Diagrams, spreadsheets, Risk Registers to deliver the work-streams necessary to complete a central, overarching goal. Then, the mystery of project management is about uncovering and refining the practices for driving the *action about the actions;* including *f*or instance*, practices for addressing *the action itself,

practices for *delivering the action*, and practices for *observing the nature of the interplay* between each of these two facets - the articulation of the overarching action and the delivery of the overarching action.

What is not yet visible for the novice project manager is that *that* '*something*' called the '*goal*' is not a transcendent, objective, observer-independent '*requirement*' but is at this moment only a partially articulated expectation held by multiple constituencies in an institutional conversation which, while it may have contractual deliverables, is always partly consensual and partly controversial.

The 'goal' is not a frozen, dead, immutable 'something.' The goal is an alive 'something' suspended in a contested rhetorical space of business roles – interpreted, contested, improved, or expanded — in a growing network of conversations between multiple constituencies relevant to the project. What constitutes a project is the fact of it being a recurrent set of actions about a non-recurrent set of actions that in project management everyday life shows up as "fire drills", "emergencies", or "scope issues".

Often, this aliveness and conversational vibrancy of the project is not easy to manage. The way in which project managers react to the controversies, risks and uncertainties inherent in the dynamism of the goal and project conversation can exacerbate, ease or even harness the anxiety of those engaged in the project.

Typical reactions toward the organic vitality of project conversations in which a project's scope may evolve take the form of acting as in litigation, using the initial articulation of the goal (in your own version) as the only possible honest interpretation of it. Other reactions which may thwart the skilful management of a project's evolving scope include *frustration*, *denial of controversies* or *adding governance* to create the illusion of control.

The average solution

There are some standard practices for handling these issues, commonly called in project management jargon 'change of scope,' 'scope creep' or simply 'extensions.' In general, however, such jargon presupposes that the context in which the project has been developing — value exchange; customer's concerns; known risks & opportunities — is at bottom stable. Consequently, standard 'scope management' practices are only relevant for standard operational projects, and do not suffice for projects aiming at change and innovation.

Changing the scope of an operational project typically means adding more of the same. Changing the scope of a change and innovation project is more complex, and cannot amount to simply adding more of the same. Effectively navigating a change and innovation project requires devising a variety of *accommodations* which cumulatively represent a higher *risk adjusted value* for the investor and the consulting team.

Risk-adjusted value is the key *currency* that helps to maintain the healthy fluidity of a change and innovation project. The good

news is that everybody dealing with business projects is familiar with economic value. *Business projects* are commonly understood as being an *investment of resources* expected to produce a *value in return:* yield, earning, margins, profit, value added, or capital gains.

In short, a business project must deliver financial value.

The bad news is that the structures and styles of actions needed to deliver the financial result are opaque.

Challenges of value-centric project management

Placing value at the core of business project management is consistent with businesses and the market game and cannot be otherwise. But this perspective requires a twist to address the centrality of value in full force.

The value of a particular business project is always a controversy between hierarchically organized and contractually linked business roles, and is carried out in conversation. Value will always show up as a business narrative linking the past with the future in the present, in such a way the value is 'optimized' or multiplied by a particular business investor performing in a extended business network.

In this context, project management becomes about identifying the conversations instrumental in organizing resources to deliver 'something' (which we define as the conditions of success for a project) in such a way that targeted financial returns are achieved. To this definition we add a 'twist' that appears obvious but changes everything: a project's goal and value are each controversial interpretations contested in a network of business roles that may include executives, procurement lawyers, project managers, investors, customers, engineering teams, finance officials, auditing agencies, or

regulators. This is what is often interpreted as the politics of the project.

Value is only partially -and seldom marginally- recorded in the information of a corporation's accounting ledger. Value is mostly grounded in market networked storytelling about the future of a company that touches multiple constituencies. Chiefly, it is grounded in the storytelling of a team leading the company and the storytelling of the network holding its stocks and these stories may include customers, competitors, regulators, media journalists, investors, activists, supply chain speakers, local communities and so on. This is what is often identified as the 'politics' of a project.

This apparently innocuous 'political twist' in the value conversation, triggers fear, defensiveness and distrust where as members of a team we could be experiencing joy, curiosity and confidence.

Change and innovation projects can be unsettling and disorienting. More often than not, significant components of an initial plan soon become irrelevant: successes in installing new competitive practices fail to deliver the performance leap we are seeking, and trials may uncover unexpected jewels.

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Beyond these contingencies, when engaged in project management we often find ourselves disoriented — or mis-oriented — in a confusing flow chart of predefined activities and interpretations. *Furthermore (and it is this document's intent to correct this aspect) we are likely to become disoriented about our own disorientation: we lose our capacity to see value in it.*

Disorientation is a signal that our initial project rationale has collapsed. That moment of collapse may be scary, but is not without value. We recommend resisting the impulse to flee the disorientation and seek shelter in one of those calls to discipline, 'hard-data-driven' camps, which may cause us to become lost in old resignations and interrupt the conversational process in which a more useful rationale may emerge from a new paradigm.

Instead of sharing our disorientation and working it out in a creative fashion we are inclined to hide or treat it as a weakness or personal failure. W*e get disoriented and become defensive because we have lost contact with the network of conversations and exchanges from which value is assessed and re-negotiated.* We get disoriented when we stop having genuine conversations with people in their *natural voice*[2].

What are the missing conversations? Who are the right speakers and the right audience? How does the road-map of deliverables appear along this conversation? These are our critical questions.

The Self-made *Wise* Project Manager

In opposition to traditional education in project management, lets focus on what experienced project managers do. When you have a bit more experience — when you have survived successes, disasters, the alternation of vanity and self-invalidation, and you are still passionate about unanswered questions on project management — the project management world begins to look different.

Resilient commitment after innumerable small and big failures gives to the experienced practitioner an emergent intuition that projects are not just about objects such as goals, requirements, suppliers' parts, milestones, equipment, supply chain service level agreements, service catalogs or budgets.

A project is also connected with 'people,' 'relationship,' 'soft aspects,' 'morale,' 'adaptability' and is held together by 'listening.'

However, even though these tags help the wise practitioner to hold and express her idiosyncratic know-how, they are also too local, metaphorical and weak. Such familiar terminology lacks the necessary theoretical power to overcome the paradigmatic flaw of the tradition and expand the depth and horizon of insight into project management.

For the experienced practitioner, the 'things to be delivered' are not taken as an absolute given; instead, more importantly, *the network*

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[2] *Cluetrain Manifesto*

of relationships that makes those *'things to be delivered'* achievable, meaningful, and valuable to a variety of roles, becomes the central issue of the project.

From this angle, a project being managed is regarded as being in good shape as long it is advancing the agenda of a particular business collective of investors, stakeholders, customers, social interest groups, regulatory institutions and so on. Regardless of specific components or intrinsic merit, the value of a project is that which is shared by a 'business-political coalition' willing to stand for the business case as its results allow. The value of a project is not confined to the project metrics, indicators, KPIs, delivered milestones, or dashboards; rather, it resides in the future that a group of leaders is willing to commit themselves to deliver to a multiplicity of business customers in a particular time horizon.

All that was learned throughout our early-career exposure to the entry-level skills of Scientific Management as (Gantt Charts, Critical Path, and Risk Management) is now contextualized by a network of interests, relationships, hierarchies, and other relevant social and political forces. We begin to see what really matters are the conversations that hold the space in which the project may thrive.

After observing for years what experienced project managers do; we have made our own translation of their evolved repertoire of practices and actions. Among the most salient are:

• Articulating customers' stories to capture their concerns, pain points, expectations, and vision of the future in their vernacular language.

• Articulating a diagnostic interpretation based in a theoretical framework that simultaneously simplifies, brings focus, and creates room for intervention.

• Articulating the conditions of satisfaction and the business case for the project.

• Refining the scope of work, the conceptual design and the value model[3] to assess the project.

• Defining the project road map, iterations of change, change strategy, team configuration and resource planning.

• Identifying and assessing the critical path and anticipated risks of a project.

• Defining the governance and management practices to lead the project and handle unexpected breakdowns, risks or emergent opportunities.

• Displacing and marginalizing alternative solutions sponsored by competing coalitions (coalitions that hold value propositions inconsistent with the project) and enrolling their forces in your own project.

• Assuring that the investment exchange with the customer is delivering the value, learning and capabilities to expand and deepen a long lasting business relationship.

In reviewing this basic list of nine project management practices of an experienced project manager, it becomes evident that each refers, fundamentally, to a specific *type of conversation.* Each conversation must be conducted in accord with institutional norms (specific deliverables, documents,

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[3] *See Appendix I.*

presentations, frameworks, models, diagrams, maps) with specific content (topics, issues, specific opportunities) and finally, in a particular style (mood, tone, aesthetics, sensitivity, humor) among the adequate assemblage of roles (investors, investment managers, contributors). For the experienced performer, most project management activity is about interweaving an already networked story for the purpose of generating possibilities and architecting spaces for value exchanges. There are no fixed targets and no universal rules; instead, we use contingent risks and opportunities to transform waste into value, frustration into fun, rigidity into freedom.

This fluid way in which a project gets disclosed for the experienced project manager can also be expanded in innovation projects.

For the purpose of this document on project management, we will distinguish a mature, standard, or operational project from a cultural innovation project by one simple criterion: **standard operational projects have well defined practices, roles, metrics, and adhere to existing standards for performing each of the nine conversations we have distinguished previously** as belonging to the activities of an experienced project manager. Thus, training a competent project manager in operational project management is fundamentally about familiarizing, training, coaching the individual in the project management practices that *already exist.* The challenge of managing a standard project is about fit- integration into a powerful collective habit of a particular tradition of projects. For instance, in the renewable energy business, a project to set up a set of sub-stations.

When we are managing a cultural innovation project — a project aimed at producing *a leap or step-change* in performance and practices that are discontinuous with the past — those nine conversations need to be re-defined, adjusted, or built from scratch in the process. They cannot be taken for granted. There is no common ground to fit into and accommodate; the parts have to be built and adjusted as we are moving. In this sense, the 'fluidity' of the project increases. Keeping the momentum (in the midst of collapsing and emerging practices) becomes crucial to succeeding.

In our experience, when the customer intends to manage, control or evaluate the progress of an innovation project based in his habitual 'standard project' practices, the process becomes very frustrating, and will produce unnecessary friction and waste. The energy and resources of the project are unnecessary displaced from *the critical actors performing the emerging future* to the managers *trying to define how to control*.

If the practices, conversations and tools for managing the set of conversations we mention above, are not defined, we need to make them part of the project in such way that they become visible and we can better manage expectations, transformation and performance.

Linguistic frameworks to design project management practices that can deliver innovation

By comparing the common sense of an *average project manager* and the common sense of the *experienced project manager* in the first sections of this paper, we have revealed one fundamental difference. While the average project manager focuses on objects and doing 'things' (i.e. completing tasks and delivering 'to-do lists') the experienced project manager focuses on the flow of conversations between business roles in which these 'things-to-do' emerge and become relevant.

'Things' to be delivered in any project always show up against a background of conversations. The world of the project manager gets knitted in a quilt of conversations, or better to say, in networked conversations in which humans and non-humans couple, become bound together and mold each other. These conversational spaces define the relevance, impact and value of a project's promises.

A simple conversation between networked people may look tiny and powerless in comparison with the California, San Luis Obispo Topaz Solar 100 acres of solar panels delivering 550MW, in relation to the sophisticated machinery drilling a few miles of tunnels under downtown Boston to displace traffic jams few miles ahead, or in comparison with the 900,000 servers in Google's data farm centers around the world using around 260 million watts of power or 0.01% of global energy.
However, this perception of triviality happens against a cultural disposition that divides '*conversations'* from '*things*.' We tend to characterize conversations as idle talk in comparison with 'things' that are real, substantial and self-evident.
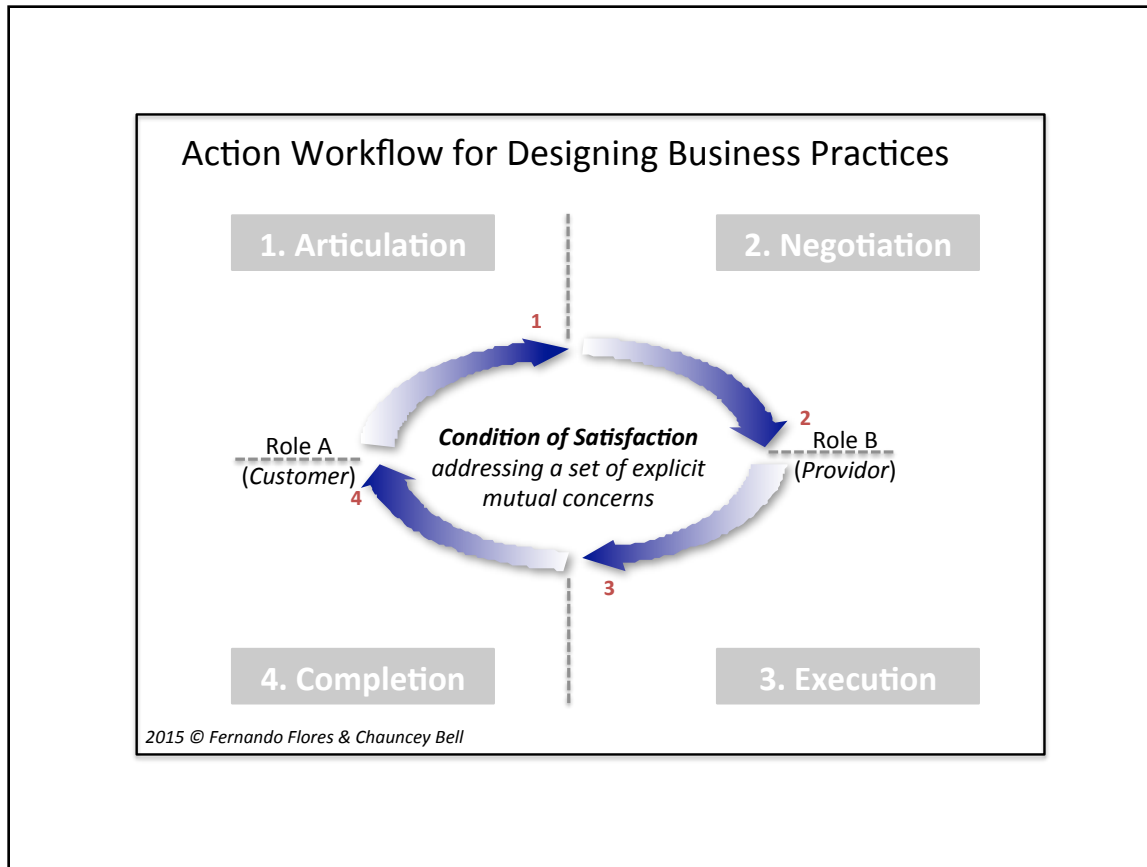
We shouldn't let ourselves be misled. Conversations may look small, 'soft' or inconsequential, but we mustn't overlook the power in filigrees of subtlety.

What during first century B.C. was a mere playing with mysterious magnets' subtle fields of attraction (stories of magnetism date back to the first century B.C., in the writings of Lucretius and Pliny the Elder) within a few centuries evolved into a conversation that developed a discourse on electromagnetism, built an industry that covers 80% of our 144,000 terawatt-hours consumption, employs millions people, and a productive arrangements that have triggered massive climate changes.

Close attention to subtle forces in human history has produced major displacements of power. We have witnessed these displacements in energy, in the fields of microbiology, genetics, biotechnology, and in Alan Turing's computation machines. A conversation is always already networked, and its power comes from an assemblage of people, equipment, nature, and institutions bound together in a rhythmic choreography.

With this new awareness, let us return to our conversation on managing projects aimed at delivering change, performance and sustainability, and explore the role conversation plays in delivering our panacea of risk-free innovation project management.

Action Workflow for Designing Business Practices

1. Articulation

2. Negotiation

1

2

Role A
(*Customer*)

Condition of Satisfaction
addressing a set of explicit
mutual concerns

Role B
(*Providor*)

4

3

4. Completion

3. Execution

2015 © Fernando Flores & Chauncey Bell

Four spaces of conversation

At the core, we believe there are four basic frameworks for conversation in which proficiency is necessary in order to succeed in projects aimed at change and innovation. First, a conversation with investors in which an original diagnostic interpretation, made by a team of competent and trustworthy people, will allow for an intervention that delivers the right balance of returns and risks. Next is the conversation concerning project scope (in which unity and components of change, value model and metrics to track and assess value, value for us, for you, and for them, and the preparation of the mobilization of the change strategy) is held. Third is a conversation about delivering the value of each Iteration of Changes in terms of Trials, aimed at

uncovering unknown-unknowns. Prototypes intended to grant new levels of value performance, and Full Deployment initiatives aimed at delivering sustainable performance at the higher level. Last is the conversation about expanding collaboration, in which new sensitivities and new horizons for co-invention and co-investing are drawn.

We claim this is neither a 'complete list' nor that it is guaranteed to contain the most critical conversations for every change project. We cannot cover all possible situations in this paper, but we do claim that this framework will offer a way in to thinking and designing conversations that may

become critical for you as you lead an innovation project

The Action Workflow

In order to map these conversations, we are going to use the Action Workflow co-invented by Fernando Flores and Chauncey Bell in the 1990's. Analogous to music notation, Flores and Bell's business process is a looped composition of a conversational flow in a '4/4 time signature'. Its basic structure is defined by 4 commitments and 4 processes that bind two business roles, with an intent to expand shared value.

The ontological robustness of this model offers a reliable framework to design a wide variety of managerial, organizational or service conversations.

Graphically, the head of the arrow represents a commitment capturing the practical synthesis of the conversations, controversies, pending issues, and possibilities explored by a network of business roles along each of the processes. Each of these commitments must satisfy specific conditions of satisfaction and time.

In the first quadrant (Articulation) the early stages of the process are aimed at uncovering customer's concerns, ambitions, dissatisfactions, and aspects of their understanding and emotional dispositions toward the possibilities of which they are aware. The first move of the first quadrant of the process is comprised of listening actively in exploratory conversations. Listening to the listening of the customer and to our own listening of the customer's listening with the

intention to unsettle problematic interpretations, uncover second order resignations, to flag anomalies and sketch potentially interesting possibilities. The customer or investor may react toward those elicited possibilities with a request or a request for a proposal; alternatively, the supplier may respond with an offer. Those are the three types of commitments that will successfully conclude the first quadrant of the process and are represented in the arrow head that closes the first phase (quadrant 1).

The second quadrant (Negotiation) refers to the conversations to address a multiplicity of concerns around assuring that the offer or request delivered to complete the first quadrant is feasible and sustainable. Can it be delivered in the defined time frame? Can we mitigate critical risks? Have we agreed on an adequate distribution of value for us, you and them? Are we prepared to execute? What are the chief uncertainties and where might they reside? This second quadrant of the process concludes with mutual promises simultaneously addressing a customer's concerns and a supplier's feasibility requirements. The explicit, observable and recorded conditions of satisfactions of these promises act to define the distribution of accountabilities in the conversation.
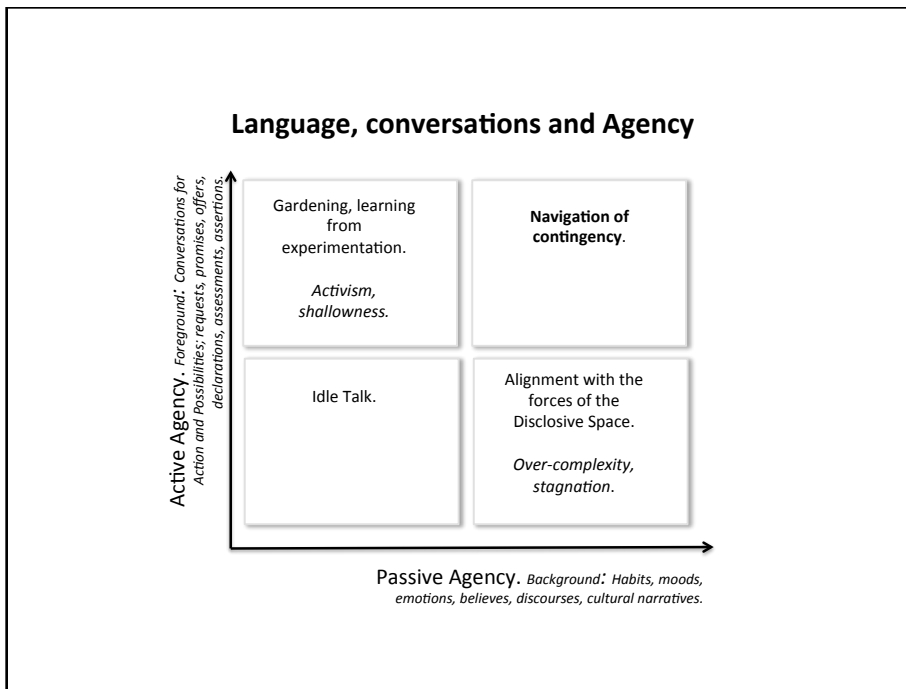
The third quadrant of the process (Execution) includes all the conversations required in order to mobilize action, complete work and deliver the conditions of satisfaction on time,

on budget, on sustainability, on quality and within regulatory compliance. This part of the process, marked by the third arrowhead, concludes with a declaration of completion (grounded in evidence provided by a previously agreed procedure) stating that what was originally promised by the supplier has been now delivered.

The fourth quadrant of the process (Completion) are the conversations in which the customer exercises her/his authority to

It is important to note here that the species of conversation that we are using lives in a different world than 'sending' and 'receiving' information and is richer than just speaking and hearing. In this ontology, conversations are a flow integrating *active agency* (conversations for possibilities, conversations for action, conversations for producing space for new conversation) and *passive agency* (habits, believes, norms, moods, emotions, discourses, cultural narratives, architecture)[4].

The Action Workflow encompasses both styles of agency, and defines minimal conditions of success for any business conversation. The absence of any of the requirements specified in the Action Workflow will invariably result in dissatisfaction, waste, damage to reputation, distrust, a smaller space for future collaboration, and vice versa.

Language, conversations and Agency

Gardening, learning from experimentation. *Activism, shallowness.*	**Navigation of contingency**.
Idle Talk.	Alignment with the forces of the Disclosive Space. *Over-complexity, stagnation.*

Active Agency. *Foreground: Conversations for Action and Possibilities; requests, promises, offers, declarations, assessments, assertions.*

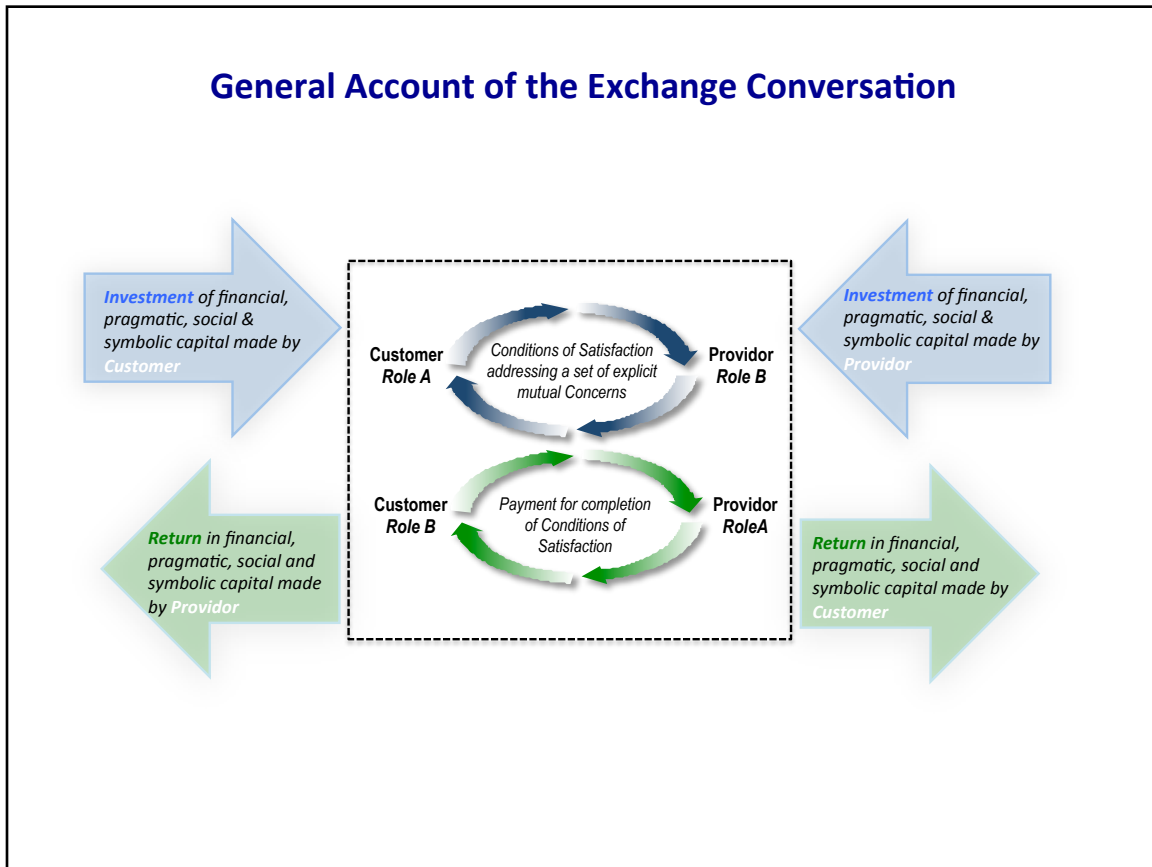Passive Agency. *Background: Habits, moods, emotions, believes, discourses, cultural narratives.*

assess the declaration of completion and to convert it to a final declaration of satisfaction. In this part of the conversation, the customer may declare missing conditions of satisfaction, unmet expectations or emerging new concerns and demand additional work as a condition for his/her final declaration of satisfaction.

Addressing the fullness of these requirements will result in an efficient foreground of activities and in a more robust background of trust and collaboration.

Based in the specification of the Action Workflow, we are able to represent in very general terms the structure of the exchange conversation that will take place in consulting projects. This exchange is a unity

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4 Architecture as used by Lauren Lessig in his books Code and Code 2.0

General Account of the Exchange Conversation

of two components. First: the Action Workflow in which a consulting company acts as a provider accountable for delivering the conditions of satisfaction of a particular change project. Second: the Action Workflow in which the company contracting the service promises to deliver the Terms & Conditions of the agreement if the project is delivered satisfactorily.

It is important to notice (explicitly or tacitly) that in any exchange conversation, each phase requires the investment of a different form of capital. We have distinguished four: Financial Capital (referring to any form of tradable assets); Pragmatic Capital (referring to any distinctive capability or IP); Social Capital (referring to access to industry networks of multiple sort); and Symbolic Capital (referring to brand reputation in multiple

markets granting the capacity to capture differential value).

The diagram above provides a general structure of the Exchange Conversation defining the context for a consulting engagement.

The entire project-investment conversation is organized around this structure, which then becomes the most senior conversation in a project. It is the investor's conversation which provides the horizon of value and risks to evaluate everything else.

Innovative projects aimed at delivering valuable changes are invariably nuanced. The essence of an innovative project is *to bring forth new sustainable-networked business practices*, which may *disclose a new world of experiences to multiple constituencies*, and

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Guillermo M Wechsler and Matthew Hancocks, 2016.

deliver differential value to customers. We are seeking to deliver differential value which can be captured by investors, employees, communities of humans and communities of non-humans —environment, through explicit and/or tacit exchanges that define the distribution of benefits –- roughly in the same fashion we drafted in fig.1.

If innovative projects are about delivering value by 'bringing forth new networked practices' and disclosing the value possibilities of a new 'market-world,' we face a challenging situation when we have to deliver something that we don't yet know how to fully formulate or build. Innovation, by definition, is to move in a direction in which we haven't moved before, to produce 'something' that hasn't been produced before.

There is no optimal way of organizing a project. While we may grasp some requirements as formulated in the initial conditions of satisfaction of the project, by necessity we are also dealing with uncertainties and risks that emerge or are uncovered along the process.

Certain risks can be known, are statistically quantifiable, identifiable and susceptible to being mitigated. Uncertainties, by contrast, are covered up, not yet identifiable, and likely to emerge as we move forward and immerse ourselves in the project space of activity.

If we run a project as if we fully know what we are doing, we will nose-dive miserably. If we transform it into a list of work streams and deliverables, we will crash. If we treat the initial contract promise of the investment exchange as a tool for putting on pressure, saving face, bargaining, or as a rigid straightjacket to subdue a counter-part in our

favor, we will damage the project's outcome and end up in a bitter conflict.

For a change or innovation project, we need to be prepared to do something different. We know we don't know some relevant unknowns; we know there are uncertainties still to emerge; we know we do not know the details of the parts to be built, or their overall assemblage in a simple and competitive unity.

The only resources we have for planning our project are sketches pointing to the 'location' of some of the missing parts (which in reality are not 'missing parts' but 'missing conversations'), which allow us to organize a program around trials and prototypes that will provide iterative answers, uncover some uncertainties, expand our ignorance, and provide enough resources to over-deliver on the promises of our contractual investment exchange. In short, we need to navigate the project in a way that offers space to benefit from emerging possibilities and challenges.

In this type of project, everything will be moving simultaneously: additional pieces of diagnostic interpretations; conceptual and detailed design of new components; mobilization of changes and new practices; establishing sustainability and governance mechanisms; refining and simplifying a new management system.

The old linear approach, inherited from our Scientific Management tradition, that asks for completion of conceptual design before starting detail design; and completion of detail design (or design freeze) before starting production preparation, and so on and so forth, will not suffice. It will be necessary to test trials and mobilize the prototype of a new practice so as to uncover any uncertainties, in

order to complete a design. It is too expensive and ineffective to aim for a full specification of a design without experiment and testing, which are faster and richer than the smartest designer's mind.

Learning from contemporary project management trends

In the past few decades, a variety of project management approaches have opened new ways of dealing with emerging issues in project management such as innovation, risk management, quality, flexibility, and peer-to-peer distributed collaboration. Each of these approaches has interesting contributions to offer if we reconstruct them as new practices for engaging in conversations, in order to expand value and uncover new forms of waste.

The Risk-Centered Approach owes much of its refinement to the financial/insurance industry. This approach allows projects to be seen through the prism of their possibilities, risks and uncertainties. It is neither interested in the project's achievements nor statuses. Rather it focuses on what the team assesses as threatening, or as a potential breakdown. A risk-centered approach is a conversational exercise of storytelling in which potential un-favorable or favorable scenarios and opportunities are identified, explored, strategized and seized. The beauty of this approach is that it maintains a team in conversations about shaping the future, as opposed to explaining the past. It is important to note that when we say 'storytelling' we are not referring to an arbitrary act of imagination, gossiping or petty politics. In this context, storytelling refers to the activity of producing narratives by competent performers along vast networks (the financial industry has a great capability in this domain). Narratives are complex linguistic bridges connecting multiple layers of activity (technology, financial, management, politics, regulations) and bestowing on us sensitivities about the force, risks, opportunities or momentum of those activities. In summary, storytelling and risk management are about expanding project teams' sensitivities and room for manoeuvre in the future by acting today. The main conversational practices required to incorporate the contribution of this approach have to do with the design of conversations for uncovering risks, evaluating risk exposure, declaring risk strategy, and mitigating risks. A focus on risk is held in the foreground throughout the project process.

The Lean approach was developed in the automotive industry, specifically in the Toyota Production System. This approach elevated the customer to being the key voice organizing supply chains, removing coordination waste, distinguishing value-added from non-value-added activities, and simultaneously driving up quality and efficiency. Attending to the 'voice of the customer' is not about installing a debate inside the company or project team, what the 'customer' of the project may be thinking, or what they 'really need.' Instead, it is about embedding within specific roles of the project the responsibility for developing a relationship, for listening, making an

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interpretation of possibilities and delivering promises to customers along every link of the supply chain of a particular project, such as those distinguished by the Action Workflow. Do you want your customer to be a happy customer? Then, be sure you have happy customers and happy suppliers all along your supply chain. From this perspective, customers and suppliers work together to deliver, to improve, and to innovate. Sometimes — especially when we are innovating — we may discover that the customer role is missing for a particular concern we are trying to address. If that is the case, we assemble a customer with multiple experienced performers, or we coach, train, test and empower a new person to hold that role. Being a good customer requires as much training, skills, and initiative as any performer role. In the Lean tradition, waste originates from conducting any activity in the coordination backbone of a project without a customer empowered to declare value or to declare waste on that specific domain of activity.

The Agile approach has its origin in the software industry. This approach was invented to remove wasteful managerial layers from large software development projects by switching from a sequential Scientific Management mind-set organized around Gantt charts and Critical Paths, to an iterative mind-set organized around iterations of concrete, immediate value-to-customer. Is it possible to run a large project without time-defining requirements, controlling tasks, managing integration gates, tracking work for every single individual? The answer was 'yes, if you…'

  • …Work in short time cycle *iterations* focused on delivering *immediate value to customer*.…Focus on improving beta versions that deliver value to customer in an iterative process instead of aiming for the perfect, definite solution.

  • …Work in small, intimate self regulated teams instead of hierarchical, *cubicled* structures.

  • …Create a working environment promoting peer-to-peer collaboration, listening to each other's conversations, actively raising issues and risks, and sharing an undivided workspace.

  • …Manage and share both the visionary and the operational dimension of the project openly and simultaneously.

  • …Use *Agile* methodologies to capture customer stories on a large whiteboard; transform those stories into possibilities, then actions, then deliverables, then happy customers. Enable the team to manage itself.

  • Do not think of projects as linear production lines, think about projects as concurrent integrated concerns coming from every project sand-box; think about responsive and flexible integration; think about transforming your sand-boxes components into tradable assets that allow for fast escalation.

The fourth approach is *Project Alliancing* approach, developed by BP in the North Sea in the mid 90s and currently used by high-tech FABs construction project with success. This approach is relevant in large projects that involve multiple large contractors. Its goal is to avoid fragmentation and friction by involving all the parts in an integrated and transparent contract in which they share financial impact based on overall project performance -positive or negative. Basically, all contractors are aligned around a unifying financial game. Conflicting financial incentives are negotiated and replaced before

the project is initiated. This approach requires to play in a high trust, 'no non sense', environment in which contractor respect each other levels of excellence and work ethics.

The fifth approach is *Open Source*. In many ways this approach rests upon the legacy of scientific/academic traditions cultivated around a collaborative ethos, in the peculiarities of *knowledge* (public good, no consumption rivalry) and in the reach, inclusiveness, traceability, and embedded intelligence of digital technologies. Most of the innovative service revolution today has been influenced to varying degrees by this relatively new stream. Mozilla, Ubuntu, Amazon, Google, Bitcoins and a variety of crowdsourcing approaches have sprung out of this willingness to enable the public to collaborate with business (or simply giving away for free a significant component, such as a kernel's code). 'Open' means 'I grant you access to use this piece of intellectual property for whatever is relevant for you' (sometimes restrictions apply). Occasionally 'Open' also means 'for free,' no cost, no charges. The main 'wastes' the *OpenSource* approach is trying to remove are related to current limitations to the social sharing of knowledge, as well as limitations

to diversity, experimentation and the self-regulated character of the *commons*. Distinctive practices of this approach are self-governance and non-management of projects; what prevails is what works best in a particular ecosystem. There is no committee making decisions about what is best, what is best is that which abides in the world of the customer; *forking* is legitimate, teams can split to pursue alternative ways of solving an issue; *peer-to-peer review* and collaboration is vital and direct; and, of course, a *result-based meritocracy* defines the path for building reputation.

In summary, what these five approaches are suggesting is: to use contracts to create an integrated and shared game between all contractors (parts) involved, focus on risks in coordination with the customer, while completing short cycle time version-to-version improvements to deliver low-cost-high-quality immediate value to customer, and finally, never forget it may be the case that critical members of your team are outside the company building, in some sparkling corner of the web. These are the contributions we have tried to cross-appropriate and articulate in the following sections of this document.

Managing the exchange conversation in change and innovation projects

So, how to keep your project team and your customer oriented while mobilizing the changes? We invite you to think in terms of conversations. Conversations are the space of

intervention of the project manager. What conversations — or missing conversations — have defined the current situation as it is? What are the conversations we may be

missing in terms of transforming the current situation into an opportunity? What are the conversations we need in place to assure we can mobilize and deliver the project moving forward?

The delivering promise of a consulting project aimed to produce innovation is not just a list of requirements to be delivered. The promise includes anticipating areas in which *new unspecified components* will be defined and incorporated to the project, and areas of *risk or uncertainty to be explored, understood and decided later on*. We need some room for maneuver specified in the *contractual agreement* to avoid misalignments of expectations.

Contractual agreements are a tool in an animated investment exchange conversation. They are a fundamental reference for an extended community of constituencies (who for most part may have never heard of the initial project conversations) and do not substitute or encompass the richness of the investment exchange conversation.

Each contractual engagement has its own history and its own speakers. Changes in the speakers along the project may trigger serious breakdowns. Therefore, keeping a rigorous project journal, communicating and enrolling the whole customer's organization is critical.

The early stages of a change and innovation project

Almost invariably in this type of project, a group inside the customer's world has already been moving to defy some aspects of a suffocating status quo in the customer world, and to open up new possibilities to generate value. This group are keenly familiar with the key pain points, problematic symptoms and more often than not, already have a set of good intuitions about what is missing and how to solve it. That is why they invite collaborators, consultant or other types of providers to the game.

The first challenge of the consultant team, as we have mentioned before, is to enrich the conversations in the customer's world by moving the team from the 'average' to the
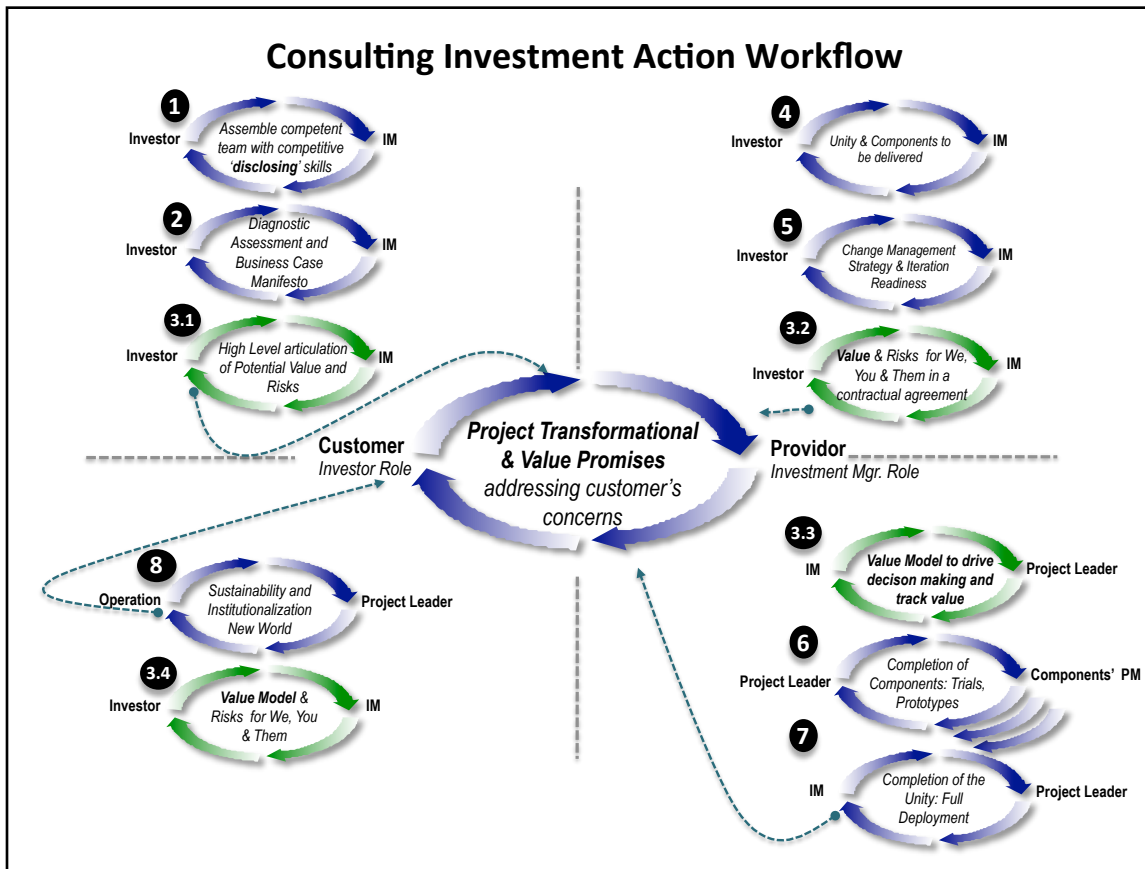
'experienced' project management mind set. This leap is basically about learning, designing and practicing new conversations.

In the following diagram we contextualize - using an Action Workflow diagram- eight key conversations we have re-constructed from the practices of experienced project managers along a consulting engagement that promise to deliver 'transformational promises' (new practices disclosing a new world or possibilities and action) and 'value promises' (ROI, social and environmental sustainability), all of which may be commonly articulated in a 'contractual agreement' document.

Before a project starts, there are already a wide range of forces in motion. There may be a narrow point of passage through which to

engage and enrol a larger community to collaborate with the emerging prospect. The *early pathfinders* (to paraphrase Geoffrey

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Moore) may have some hunches to point them in a given direction, as well as some naïve hopes and concealed resignations. The overall intent is fragmented in many voices across the customer's organization. Some voices embody the past they are trying to overcome, while other voices embody bridging practices that will contribute to *cross-the-chasm* toward a possible new future. Crucial to this stage is the declaration of an investor customer and project leader who unite these voices and hunches in the shape of their very own persons. In our experience, innovation projects must find the right metaphor the shift they are bringing and embody that metaphor in leaders who convey the new culture in their very being rather than in professionally-produced but hollow project messages and vision statements. Thus, in a

programme to transform a country's renewable energy structures, the key role was played by a small group of committed, investors evincing a hybridised environmental activist *cum* venture capitalist energy.

In the accompanying diagram (the Action Workflow based reconstruction of key project management conversation for a project aiming at change and innovation) we have cross-appropriated the Risk based approach by including that conversation on value and risk in each of the quadrants of the process (value for us, for you, for them); we have incorporated TPS/Lean approach by integrating it in the overall coordination/ conversational architecture; we have included the Agile approach mainly in the third quadrant iterative completion of components

& unities; and finally, we have incorporated the Open approach in all the trials and peer-to-peer collaboration in those experiments,

The customer for the prospective project is asking to be challenged with an ambitious provocation: have we assembled the right team with the right sensitivities, skills, styles and capacity to collaborate? Such a provocation ought to reframe the situation in such a way that a complex and difficult circumstance is simplified. Hopefully, a multitude of symptoms are reduced to one simple *conceptual metaphor* with the power to address a variety of obstacles, open up new conversations, and initiate a mobilization route.

This phase may encompass interviews, field work and analysis of texts, various training, coaching and lecturing activities familiarising the team with new theoretical frameworks and design language, a few speculative sessions to gather issues and concerns and opportunities, some reading suggestions and immersion in the company's environment to arrive at a sense of the risks, resources and opportunities present. All of this is for the sake of exploring current and possible conversations in order to expand the space of possibility.

This is a critical phase in a project: creating an interpretation of *possibilities that were not available before,* and *making an irresistible offer* in the space that the diagnostic interpretation has opened.

In the next phase, there are three main conversations to manage. First, to define the

which make possible learning from your customer. So let's go back to walk the process.

Typically at this stage a senior team of consultants (partnering with a customer team) delivers:
- A diagnostic interpretation creating the space for an investment prospect including [2]: a *business case manifesto;* a project's road map; a high level scheduling; a team profile, resources, customer team availability and roles; a structure of project management practices to track progress, handle risks, unexpected issues, and expected breakdown and decisions.
- A high level articulation of potential value and risks to be considered in the design of an exchange. This includes an articulation of value for investors, for the consulting provider, and for other constituencies.

The 'first quadrant: Articulation' of the process is meant to unsettle old interpretations that may be leading to stagnation, and unifying the consulting team and the customer's team around a new vision to lead the potential investment intent. Such questions as these become essential: Are we delivering the right diagnostic interpretation? Are we disclosing the right possibilities? Are we challenging and inflecting the right theoretical distinctions?

Success in the first phase is to receive a *Request for a Proposal* from the customer/investor.

scope of the project in terms of old practices to be transformed and new practices to be

developed. In other words, to define the units of change and its components. Second, to define high level change strategy and the iterations of change. Third, to complete the first articulation of a Value Model showing the main value drivers, the value promise for the project, and the Terms & Conditions for the consulting engagement. In the second phase (Negotiation), we define with more granularity the scope of the intent, and how the parts will collaborate and benefit from it.

Success in the 'second phase: negotiation' is to achieve an agreement on the investment articulated in a *contractual agreement* that defines mutual promises. A *contractual agreement* is a legal tool synthesizing a variety of conversations, tacit or shared expectations, and clear conditions of satisfactions about the proposed value

exchange. The contractual agreement defines a legal bond and is often used as the final resource of truth for people not directly involved in the exchange, such as media, analysts, other areas of the company, or auditors.

As mentioned earlier, in leading projects aimed at delivering innovation we need to be careful in both defining our value promises, and allowing room for manoeuvre to adjust scope, priorities and transformational components to be delivered. Innovation is by definition unknown. We can either make a sound promise on value and allow room to adjust the transformation of practices, or make a sound promise on transformation and leave room for manoeuvre to adjust financial output.

Mobilizing new practices and driving performance

We have a handshake and a contractual agreement providing the structural components of a business investment game. This frames the relevant space in which we have to deliver 'something' (not explicit, only partly defined) we are confident will produce an assessment of overwhelming value for the customer.

As a result of the investment exchange, the customer already has the expectation of living in a 'new world.' Almost without exception (as mentioned before) contractual agreements define both financial performance promises and cultural transformation in the customer's organization: new technologically supported practices to drive value to customers and investors.

Delivering innovative and sustainable business practices with the power to disclose such a 'new world' — and the performance and financial leap the customer is looking for — will require action and leadership in multiple fronts:

- We will need to manage the customer's expectations and provide the space in which they can assess and contribute to orient and overcome key project challenges. The main tools to orient this conversation are the Value Model; the high level sketch of the new Operating Model; and some *ad hoc* theoretical frameworks to show the logic of the approach. Typically,

the consulting roles addressing this conversation are the Account Director and the project's Lead Change Strategist.

- We need to refine the high-level conceptual value hypothesis (articulated in the initial project proposal [3.1]) to a degree that we are well prepared to generate value along every project iteration. Project iterations need to be well defined, they need to have a clear articulation of benefits to the customer, and to define explicit milestones for every project work-stream. Typically, the roles leading this conversation are the Lead Designer and the Lead Change Strategist.
- We need to read/interpret the forces and momentum shaping the transformation of practices and

migration to a new operating model, and be ready to adjust our overall change strategy. Where we should focus to drive value to key customers? Which are the capabilities needed to be refined or built? Who are the players still to be enrolled? What are the practices that should be tagged as 'non-tolerable waste'? What are the *signature* practices supporting the new way of working, and conspiring to produce a cultural adjustment? Where are the emerging forces sustaining and mobilizing the changes? Is the activity of mobilization encompassing and orchestrated enough to deliver the iteration milestones and add to the project momentum? Making these assessments and acting in tandem with them is the role of the Lead Change Strategist and its team.

The adequate approach for planning and managing the Execution Phase of the project (third quadrant of the process) is to define successive *iterations of change* to be organized around milestones delivering specific value to the customer. Each *iteration* is organized around benefits-to-customer and *is based in the specifics of the contractual agreement* with the customer.

As a general approach to defining a project's delivery iterations, we propose to start by defining a matrix of four main iterations and three main work-streams.

The iterations are intended to break inertia, shatter entrenched resignations, and reveal a new and more interesting way of working and create increased momentum to drive changes.

The workstreams

The work streams themselves are generic: Leadership & Value; Operating Model

Design; Laboratory of Practices & Change Management.

Leadership & Value deals with the most senior concerns: Are we delivering value at

the scale we defined in the original exchange? Do we have the right project's scope for each

iteration? Have we enrolled the critical roles in the project?

Operating Model Design is fundamentally concerned with creating the right theoretical frameworks to guide the design of the component. The purpose of the design is to overcome gaps and enable the new practices at the operational level (Value Added Activities) and the managerial level (Non Value Added Activities).

Laboratory of Practices and Change Management includes the development of trials and adjustments of prototypes. The underlying logic is that testing and adjusting with customer involvement delivers higher value solutions at a lower cost.

The iterations

Iteration I is a test of limited scope, with a set of new practices, intended to produce a relevant difference in performance. At the end of the first iteration we want clear indications that we are breaking the customer's historical resignation, producing a mood of perplexity and wonder, and showing specific illustrations of radically new ways of working that deliver customer satisfaction, coordination efficiency and quality at once. The results are not systematic or across the board, but strong enough to produce wonder and break resignations.

Along the first iteration, everything is new. New customer's team, new consulting team, new coordination practices, new conversations being tested, diverse styles clashing, new technological environment, friction everywhere. A good mood and a great disposition to learn and adjust are great helpers. The customer must be warned that a first iteration will be uneven and uncomfortable in some specific ways. To aim for no-breakdowns, no-frictions or full-clarity in this phase is pointless. To keep the customer engaged in a positive mood of wonder, action and inquiry to explore the new possibilities being opened up and restraint to

learn and adjust as trials and prototypes take effect (while not fulfilling every expectation) is essential. While there will be perplexity and regular shocks, the skilful project manager is able to sustain a mood that neither immobilises the team in anxiety at what is not known nor leaves them in slack-jawed curiosity that delivers no changes.

Prioritizing and putting breakdowns in perspective is crucial. No matter how many breakdowns emerge, *the battles won against specific resignations must become overwhelming victories*. Innovative investment exchanges do not promise an easy ride; they promise an avalanche of breakdowns, challenges and opportunities that (if adequately addressed) will deliver a shining future. An innovative engagement is only promising to *change the nature of the issue*s in such a way that the solution to those issues expands strategic advantages and financial performance.

High focus in testing new practices and coaching key roles in the design foundational theoretical distinctions are obvious requirements of this phase.

By the end of the first iteration we would like to have:

Leadership & Value Work Stream: project governance and management meetings and communication routines; first articulation of the Value Model.

Operating Model Design: high level sketch of the key roles that support the new OM. Complete preparation for implementation of new roles–roles, exchanges' conditions of satisfaction, metrics. Catching new issues, risks, and opportunities.

Laboratory of Practices & Change Management: mobilization of new practices within a limited scope. Specific examples of the benefits of new practices are recollected and evaluated based in locally constrained models. Trust among decisive roles of the new OM is developed, allowing space for new conversations and high team morale.

Iteration II involves putting in motion the vital roles of the new OM, and showing that differential value can be delivered on a systematic basis. At the end of the second iteration we want to have a set of metrics tracking performance improvement. This performance improvement needs to have the order of magnitude needed to deliver on the value promises of the contractual engagement.

Almost without exception, new practices need to be mobilized and managed by the consulting team's mobilizing or '*resolver*' roles. The standard management routines of a customer's organization are not well equipped for nurturing and allowing new practices to thrive. New practices are developed and tested (almost from the beginning of the delivery process) but have not yet matured. Typically, consultants intervene in operational review meetings; *ad hoc* resolver roles are set up along the process backbone to catch, handle and bring breakdown to resolution (solving root causes; improving design; developing key capacities and skills).

By the end of the second iteration we would like to have:

Leadership & Value: a new version of the VM and a clear accounting logic and metrics to assess value delivered by project investment. The leadership team has its own version of the new OM; they understand key drivers of value and are initiating a conversation around developing specific strategic capabilities. The project's scope is reviewed and adjusted.

Operating Model Design: High-level sketch of the new OM is refined. The design and articulation of the *new management signature practices* is completed and we are beginning to catch new issues, risks, and opportunities.

Laboratory of Practices & Change Management: The implementation of the new roles is completed**.** Strong momentum and positive word of mouth are appearing across the organization, and sustained improvements in performance are becoming evident.

Iteration III is about preparing the organization to manage and develop the new practices. The project is *starting to disclose a new world*. The customer organization is participating in a new range of conversations: what is considered valuable or wasteful has changed; what may have been considered heretical at the beginning of the engagement is now standard practice; certain fundamental values have been marginalized or *transmuted* into new values; the old world is left behind as a memory, and people interact with a new range of emotional repertoires. Most have already forgotten their initial skepticism. The company has achieved a new level of

performance. The new OM has achieved a reasonable range of stability.

By the end of the third iteration we would like to have:

<u>Leadership & Value Work Stream</u>: clear grounding for the fulfilment of the original business case manifesto and contractual agreement for the investment project. A recurrent, speculative and pragmatic conversation on how to improve performance in the visionary horizon of the company, in particular about developing people and the design of work practices.

<u>Operating Model Design</u>: a proposal about how to handle sustainability gaps and capitalize on emerging new possibilities.

the organizational structure (if needed). Systematic performance improvements consistent with contractual demands and customers' expectations.

Iteration IV is about completing the handover of new practices to the customer's team, articulating a set of recommendations about available improvement opportunities and/or handling of specific risks, and finally, ensuring that the leadership team is in good shape to continue refining or evolving the new OM.

By the end of the fourth iteration we would like to have:

<u>Leadership & Value Work Stream</u>: a request

	Iteration I	Iteration II	Iteration III	Iteration IV
Overall Benefit	Breaking resignations, enrolling key players, producing scattered but valuable changes/results in initial experimental tests, and producing positive feedback from customers.	New levels of performance based in pivotal roles of the new OM. New metrics in place to track assess and drive value. Systematic positive feedback from customers.	New management signature practices in place to sustain and develop new OM. New metrics and dashboards based in Value Model to drive performance and improvements.	Completion of handover of new practices to customer's management. Proposal to address remaining issues and opportunities.
Leadership & Value: *The entrepreneurial force.*	Milestones I: assembling leading team and practices.	Milestones II: Mastering OM and VM. Holding the space for new OM.	Milestones III: Articulating strategic agenda.	Milestones IV: Evaluation of investment exchange. Defining space for future collaboration.
Operating Model Design: *Building new capabilities.*	Milestones I: Preparation Iteration II: specific components design.	Milestones II: Preparation Iteration III: specific components design.	Milestones III: Preparation Iteration IV: specific components design.	Milestones IV: Wrapping up.
Laboratories of Practices: *Trial & tests.*	Milestones I: Testing critical new practices in a limited scope. Uncovering uncertainties and opportunities. To illustrate orders of magnitude of potential value.	Milestones II: Implement and mobilize new roles.	Milestones III: Implement and mobilize new management practices.	Milestones IV:

<u>Laboratory of Practices & Change Management</u>: Full implementation of new management practices. Some adjustment to

for a proposal about new potential opportunities.

Operating Model Design: a final report articulating the VM for the new OM and provide evidence of the customer's return on investment. A set of documents describing the central components of the new OM.

Laboratory of Practices & Change Management: A prepared speaker in condition to advocate for the project's value in terms of financial returns on investment, and in terms of new capabilities, ways of working and work environment.

The four Iterations that we have articulated here are just a reference. It may be the case that in some projects we need three or five iterations. The number will depend on the specific challenges of the project. We will need to define the iterations in such a way that we can drive momentum and exceed customer expectations.

Consulting projects' team roles

Consulting team roles handle conversations in which successful exchanges deliver value.

Probably the most senior decision in a consulting business is the configuration of a team for a particular project. Almost always this configuration is variable and is adjusted along the successive iterations of change. There is no perfect team.

At the beginning of the project, design teams are more loaded. By the first quarter, the mobilization team gets the biggest share of the load and the financial analyst gets some load too. Account Directors become involved at any point. This is defined by account potential, delivery issues, and opportunities for follow on sales.

Frequent definitions of roles are as follows:

Brand & Quality Assurance: This is a partner level role accountable for projecting and developing a consulting firm's brand. This role develops practices for assessing a projects' contribution to the consultancy company brand, and discovers potential areas of business development.

Account Director: This is the role accountable for developing a long lasting business relationship with a customer and his/her network. AD is the leading role in articulating the conditions of satisfaction and T&C for the investment exchange with the customer. ADs tend to be sensitive and diligent in listening to customer's concerns

and opening conversations for potential business. They are experienced in different aspects of project delivery, but this is not their primary role. Most of their experience is relevant for designing the exchange and assembling the delivery team and its support network. Their role is to sell and develop business relationships. In the same vein, there are roles as **Relationship Manager** that more or less cover the same range of accountabilities though Relationship Managers have more hands-on operational profile in the engagements. Frequently RMs develop aspects, or the whole Value Model, for the project; they handle the steering committee meetings –- or their equivalent — they prepare presentations and evaluations on investment project status and performance, and keep track of margins and project returns. They are not responsible for leading the delivery team.

Lead Designer: This role is accountable for articulating and refining the initial diagnostic interpretation, and for articulating the Business Case Manifesto validating investment in the project. LD is the leading role in assembling the design team. The design team may involve industry experts, financial analysts, junior designers, IT architects, technology experts and other specialized roles, depending on the nature of the project. The role of the designer has at least three main deliverables we will enunciate in a broad sense: first, they have to make visible the background practices, disciplinary discourses, transparent habits,

and structural moods out of which a company organizes their operating models that may be causing problematic symptoms, breakdown, and waste. The LD articulates the central anomalies that explain the proliferation of waste. This aspect is central to the refinement of the initial diagnostic interpretation. The LD enrols all the relevant speakers, formal and informal leaders, individual practitioners, and other relevant voices in the design process. The LD is responsible for developing a powerful *design collective* that has enough diversity to represent the fundamental concerns at stake in the project. Finally, the LD prepares design task and design teams, leads the design process, and is accountable for the output of every design team.

Lead Change Strategist (or Project Leader): This role is accountable for project delivery: for achieving financial performance targets and other specific operational performance targets; for the transformational promises of the engagement –- new OM, new process, new structure, cultural change, mood change, etc — and finally, for overall customer satisfaction. In this line we have variety of roles, which include Programme Managers; Programme Coordinators; Mobilizer; Junior Mobilizer (Resolver); Learning Team Designer; Learning Team Coach; Executive Coach; Management Coach, Data Analysts and Dashboard Designers, to name the most relevant. Programme Managers or Programme Coordinators often play a sort of administrative role: they have a relationship to planning and coordination which is critical in large projects. They do not, however, have a strong grip on the mobilization strategy nor on the practicalities of the delivery. Mobilizers are responsible for delivering practices that disclose worlds of different

scopes. Learning Teams roles are accountable for delivering a wide variety of operational performance metrics and/or qualitative index of customer satisfaction. Coaches of different classes are accountable for developing new skills in specific performers or teams, often related with performance metrics and qualitative assessments.

In a consulting business, as in any other business, there are no team seniorities, or homogeneity across team roles. Individual performers embody their own singularities, skills profile, which invariably make an enormous difference in the possibilities of team assemblage and performance.

Operational Support: This is a back office corporate role, intended to support the consulting & sales team working in particular engagements. Their main concerns are to identify and remove from the delivery teams all the conversations which do not add value to the delivery of the contractual engagement, or which can be more competitively managed from a centralized role; second, to develop capabilities and enhance knowledge management and sharing; third, to focus on recruitment, networking, and development of team or potential team members. Operationally, they are accountable for supporting the team's configuration; the support of promise delivery and customer satisfaction; project profitability and preparation of follow-up sales. Strategically, they are responsible for developing networks of associates; designing and running development programs; and finally improving knowledge-management capabilities and the overall technological environment supporting the team delivery process.

We hope this section on team roles' specification has rounded out a sense of the players and the interplay of the game. It is essential for running a project to have a well-fitted high performance team, and any team's performance is based in a team's conversations. These conversations include having a shared understanding on the project's Manifesto and Investment Exchange; well defined roles and exchange conversation in the team; conversations around sharing and negotiating mutual assessments for the sake of opening possibilities beyond the current dominant mind set; conversations about learning strategies; conversations about cultivating the mood and style of the team; conversations about uncovering and managing risk; conversations on promise delivery and customer satisfaction; conversations around enrolling the customer in the new world disclosed by the project. Team development is a broad domain, full of opportunity.

Back to the beginning: Standard practices for running change and innovation projects

This is our explanation about why experienced project managers do well. They are effective because they relentlessly care about people in networked conversations shaping their worlds. They know that the quality of the conversations defines the quality of the output. They know that the world will always bring unexpected contingent new possibilities that can only be recognized and allowed to influence and benefit the project if we engage the team and the customer in the right conversations.

Let's go back to our initial practical intuitions of such practical people. We enumerated nine conversational artifacts at the beginning of this paper, as useful tools for allowing a project conversation to flow. We have touched many of them along the document. Here is our summary:

1. Articulating customers' stories that reveal their concerns, pain points, expectations, and allow us to intuit critical requirements:

This is a great practice. It is very close to what a good journalist captures in their interviews. They articulate a live play: its plot and characters, the overall atmosphere, the colorful gamut of dispositions, emotions, and wild ambitions that drive the actions and the unfolding situation, cutting through with their narratives across multiple phenomenological fields. Customers' stories are shameless connectors. They enjoy connecting money, bird mortalities, recruitment policy, local governments, accounting rules, turbine tower height, brand reputation, mathematical modeling, regional culture, IT systems, and so on. Our favourite storytellers in this field are Michel Lewis, David Foster Wallace, Jennifer Egan Bruno Latour and naturally, James Joyce.

A couple of decades ago Chauncey Bell defined a simple interview guideline to help consultants to interview and articulate these stories of customer's concerns. These stories are critically important because they explore the emotional dispositions –frustration, disguised resignation ('reality is'), cold distrust ('human nature…') — that dwell in the dark, to make explicit interpretative patterns projecting the company over its constraining current possibilities. Here is Chauncey's simple interview guide:

1. How did you arrive at this role? Can you give me a short story? Can you say also something about your educational/professional background? These questions are aimed at mapping the listening and sensitivities of the interviewed.

2. (This is by far the most important part of the interview) Can you please let me know about your current dissatisfactions? Please speak without thinking much, just let me know what it is keeping you awake at night or throttling or producing noise in your head. I may challenge you a bit on these stories and pick on some assessments to explore their relevance. These questions are aimed to uncover the 'real' opportunities and obstacles that dwell beyond the current common sense of the customer.

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3. Can you say something about how this company coordinates its activities? Which are the formal management practices? What type of metrics, financial models and dashboards do you use? These questions are to understand the power of the current management practices.

4. What are the informal ways of making decisions? What is the weight or significance of each of them? Which are some of the problematic unwritten codes? This questions are aimed at understanding aspects of the management culture.

5. Do you have any particular request to make of us? Is there any conversation thread you would like to continue? Are there any parts of the conversation you'd like to keep private…at least for a while? These questions are aimed at creating immediate collaboration.

Normally the interview will last about 90 mins. This brief interview guide looks simple, but it is playing with multiple horizons of interpretation: background practices and skills; IT technology; metrics, KPIs and dashboards, emotional dispositions and moods; cultural habits; explicit structure of management practices, current delivery promises, promises at risk, etc. All that richness is the raw material we use to weave the diagnostic conversation in the customer teams from the 'get go.'

Charles Spinosa and Matt Hancocks have developed a different approach, defining a line of inquiry that focuses on re-connecting customers with the changing events of their professional lives, in which they always discover something relevant about the values and commitments they already embody, or they discover how they have overlooked and trivialized their understanding of those values, or how their values and commitments are endangered by changing values in the wider world which render their style of leadership obsolete. Charles and Matt's approach is centered on empowering people to develop genuine leadership and to serve as culture figures who personify the innovation.

A customer's stories offer us the initial access to their world before we intervene. They reveal the plot, the disciplinary discourses, cultural values and rituals, great opportunities, ambitions, obstacles, emerging coalitions for change, resistors, non-human enablers and competitive capabilities. These stories are not true or false, real or fictitious, right or wrong; *they show a differential power to disclose possibilities for valuable innovations.*

2. Articulating a diagnostic interpretation, based in a theoretical framework, that simultaneously simplifies, brings into focus, and creates room for an engagement:

Diagnostic interpretations are not 'objective descriptions of the fundamental root causes of a particular condition.' A diagnostic interpretation is a particular narrative with a particular structure, grounded in a particular set of theoretical frameworks, targeting a particular purpose, that creates the space for a particular type on intervention, that promises to deliver a particular set of benefits and value for the customer. In other words, there are multiple valid diagnostic interpretations consistent with the same situation. Alternatively, when you choose the diagnostic approach, you are also choosing the type of value added. The great advantage of the Action Workflow approach is that it produces diagnostics based upon removing

coordination waste, freeing entrepreneurial capacities in teams, enabling quality conversations through technology. We promise to deliver cold hard cash by enriching and empowering conversations with customers and other constituencies, not by squeezing, commoditizing or externalizing waste. Usually the diagnostic interpretation will provide a 'conceptual metaphor' and 'culture figure' to synthesize the overall situation, and then it will say something about missing conversations; missing roles necessary to cultivate those conversations; missing metrics to track and assess those conversations; missing processes to drive actions; gaps in the technological environment that support the conversations; missing orchestration of conversations in different time horizons.

3. Articulating the conditions of satisfaction and the business case for the project: This is a technical bond, a linguistic link connecting the customer's nervous system with the consulting team's nervous system. The conditions of satisfaction of the promise are the foundational act upon which the business relationship is built, the master reference for assessing the value exchange between the parts. Based on the condition of satisfaction of the project investment exchange, a space for making assessment of each other, driving decisions, making complaints or celebrating successes is established. It is important here to acknowledge that no matter how rigorous, elaborated or detailed the conditions of satisfaction are, they will never exhaust all potential expectations or human interpretative perspectives. Conditions of satisfaction of the exchange should be always interpreted against the background of concerns and expectations embedded in the binding parts invested in the exchange story. This is the

fundamental tension managed by a competent Account Director. The artefacts used to support this practice are Requests for Proposals, Proposals, and Engagement Contracts. Such tools allow us to four key dimensions of a project. First, they allow us to define conditions of satisfaction for the investment exchange. They allow us to identify areas of risk and uncertainty And toschedule future research and scope decisions explore these uncertainties. The tools also allow us to identify additional expectations and broad interests that are not yet embedded in the conditions of satisfaction but which are relevant to the parties involved and address emerging controversies. Finally, they provide extremely valuable mechanisms for distributing risks and compensations based on each party's capacity to identify and mitigate those risks.

4. Refining the scope of work, the conceptual design and the value model to assess the project impact: At a very high level, this question asks if our design is powerful enough to mobilize and disclose the world of experiences and financial performance that the customer envisions. This is the moment in which we invent and consider interventions into the material process, information processes and service processes of the business' operating model. This is the moment in which we consult with users, investors, interest groups, and experts in different aspects of the network of roles affected by the project. We engage with *scientists and engineers* as representatives of non-human entities and technology and with political authorities as representatives of emerging new role identities and their interplay with established hierarchies. We engage with economists as representatives of alternative logics for tracking and accounting

for value and we engage with anthropologists, cultural analysts and spiritual prophets to reveal, discern or transmute the emerging enlightening cultural values. And — as we have mentioned and repeated many times before — all the while everything and everyone is in motion and requiring adjustment simultaneously. At each moment we need the right level of design, not so little that it weakens the mobilization, and not so much that it produces unnecessary rigidities and lacks the openness to harness emerging conversations and possibilities. At each moment the design must support and propel the emerging forces, in such a way that we deliver the sustainable value we have committed to our customer. Often this process demands subtle or significant adjustment to project scope. Standard tools we use to deliver this work include, among the most usual, the business case manifesto, value model document, operating model document,design memos of specific components, and multiple diagrams, maps and graphical representations of the operating model.

5. _Defining the project road map, iterations of change, change strategy, team configuration and resource planning._ Every project is a delicate creature. We are invited to engage in a treasured conversation for a particular community. It is a conversation about change: about allowing their envisioned future to unsettle and tweaking their past in a meaningful, practical and valuable way. It is about opening up new conversations and making them vulnerable to change. What we call change strategy, change iterations or change mobilization should be performed with enormous respect, care, and commitment. This doesn't mean we should have a grave, patronizingly polite, or tentative

approach. Genuineness and a disposition that is open to learn are key aspects of the approach we seek. And change strategies — like organizations — may come in many flavors. It is possible to opt for a Dionysian approach to unleash vigorous and energizing emotions or to opt for an Apollonian approach that will seduce by its conceptual elegance. Or perhaps we can give some room to both of them. Whatever the case, we can leverage changes based on technological enhancement, architectural disposition of spaces, communication, skill development, an ontological turn, operational capabilities, coaching or cultural renewals. The critical tools to support any transition are defining the project's iterations, domains of work-streams and specific work-streams, milestones by work streams, color coding to assess risks and status, reporting slide deck templates, team charts -profiles, development path, roles and accountabilities.

6. _Identify and assess the project's critical path and risks:_ this phase is about involving the most senior practitioner/s to host conversations about risk scenarios, and using these to identify relevant domains of risk and invent practices for evaluating, mitigating and transforming risks into opportunities. This framework is a starting point to refine a risk management conversation that will eventually extend across the organization. *Risk* becomes a conversation to keep teams oriented toward the future instead of the past, in which they tend to be catching up and explaining results.

7. _Define the governance and management practices to lead the project and handle unanticipated breakdowns, risks or emergent opportunities_: the routines of conversations to keep the customer involved with critical decisions about a project,

including risks, opportunities (including follow on sales), and project status.

8. Displace/marginalize alternative solutions and enrol them in your project: this is about keeping alert and connected to the space of conversations from which customers invent their future, or deal with painful legacy issues in which you may be able to articulate valuable offers, including those directed toward the customer's teams that are already in trouble. Encourage 're-conversions,' 'recycling' and 're-use' of already existing capabilities in the customer world.

9. Assure that the investment exchange with the customer is delivering the value, learning and capabilities to expand and deepen a long-lasting business relationship:
Keep the conversation focused on the future. If past or present keeps you from orienting to the future, or if your conversation about the future doesn't enlist speakers, something may need to be adjusted.

Final words

In project management — the activity empiricist Henry Mintzberg refers to as a fundamental and perversive human practice — there are always *a thousand way to skin a cat*. Conversations can address a concern in multiple fashions, providing both care and flexibility. As long as you *master conversations, address the multiple concerns of your business constituencies and* gives yourself room to test and adjust your project management practices.

Too many adjustments produce disorientation. Too much rigidity misses the flow of contingent opportunities. We warn you that we may have overstated the room for flexibility in the practice of leading change projects. However, the overall structure is valid and the room for manoeuvre will depend on your concrete situation.

Don't get attached to your original ideas. Projects get great results when they *go viral,* when people talk to people to tweak or change them, when they unclog current conversation pipelines or move to expand those network, when the teams reconnect with their fundamental concerns: *when the flow flows fluidly, shaping everything*.

Projects acquire momentum and reality in the same way the cosmos produces stars. There is a movement in a remote dark corner. If you allow the flow to manifest and you orchestrate those partially mysterious waves, a magnificent shining star may be brought into existence.

Often it is not even about 'orchestrating;' rather, it is about opening the music hall on time for the musicians to rehearse. It is about venting the hall, bringing fresh air and silence, and perhaps about suggesting a couple of mischievous chords or cadences. The power to change rests upon a distributed conversation between thousands of contributors.

Appendix I:

Value Model:

In the following lines we propose a set of principles to keep in mind while discussing our Value Model sketch. We have found these principles help us to host productive discussions and avoid problematic misunderstanding.

1. 'Value' is an assessment made by people in the market, which may be expressed in quantifiable indices.

2. Value assessments are rooted in a narrative and set of assessments *about the past and the future of a market*. The value assessment — and the narrative in which these assessments are rooted — are an inseparable unity.

3. Grounding value assessments requires reliable accounting.

4. Different communities in a particular enterprise — functional areas, stockholders, process role owners and so on — each have different interpretations of value. Put simply, different communities have different sets of values, of value narratives and of value assessments.

5. In each enterprise, multiple nested interpretations of value need to be orchestrated in such a way that long term stockholder value is expanded (from managerial accounting to managerial finance).

6. *Waste* is a critical aspect of value. In defining waste, a company holds on to a strategic orientation. Declaring new forms of waste guides the company toward addressing new specific breakdowns, and building responses and capabilities that will re-orient it to the future. *Waste* is specified as symptoms of something missing, broken, or blocking the action flow of the Investment Process from the perspective of a particular business model.

7. These narratives are built out of different accounting traditions, financial models and market valuation methodologies.

8. Value narratives are controversial by nature.

9. There are two problematic styles that damage and fail to engage in productive controversies and conversations about value assessments. We characterize them as 'Pig's Nose' (missing the context, *troughing or trivializing: 'we did that before'*), and the 'Big I' (attached to his own narrative, building walls, predatory 'When 'I' invented all of this…') observers.

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Guillermo M Wechsler and Matthew Hancocks, 2016.

The first precursor of the Value Model tool & practice in the Action Workflow tradition we know of was created by David LeBrocquy: an obstinate, swift, virtuous analytical mind.

We've seen more recent versions of that work in South London RSA project. On that occasion Francisco Martinez, Charles Spinosa and Peter Luff articulated a value model based on some of David's building blocks. Partially, the RSA Value Model was a critical requirement to manage a risk-reward contractual engagement with RSA. It was also, however, a tool that provided the customer with a model to assess opportunities and drive value out of changes in the service and operating model they were putting in place. After them, Guillermo Wechsler led conversations to develop value models for capital investment for major projects and renewable energy wind farms.

What follows is our interpretation of what we do when we articulate a Value Model for a particular project. A Value Model helps coordinate four dimensions of what happens in the business:

1. **The world of constituencies:** changes in customers' expectations, new conversations among industry participants, emergent technologies, and changes in the world are constantly modifying the interpretation of value and waste of the key stakeholders of the company: clients, stockholder-**investors** (board) and other stakeholders (employees, community, non-human beings). How is the appreciation of the company's offers (products and services) changing? How is the appreciation of the industry changing? In what areas are new interpretations of waste eroding the value the company offers or vice-versa? For instance, as businesses like Patagonia, Zappos and Google evolve towards agile expert-oriented working practices, outsourced flexible staffing solutions that promise only cost visibility and control are coming to be seen as wasteful for the degradation they bring to the quality of a client's business.

2. **The company's business assets:** What alternative, marginal interpretations are emerging about the potential value of the current and possible future configuration of the company's assets? What new assets can be articulated and developed? What marginalised assets can be retrieved from the margins of the company to play a leading role in the creation of new value? What existing core assets should be adjusted? What assets need to be made more liquid (tradable)? For instance, in a world where buyers of outsourced staffing solutions are seeing its commotion get impulse towards people as wasteful, the "old school" face to face skills of matching people to workplaces is retrieved from the past of a staffing company's history and brought to the centre of a future operating model to work in tandem with networked and machine learning-based softwares.

3. **Operating Model:** The set of engineering and business roles, competences, processes, management practices, habitual behaviour and routines, and technological environment in which the work in coordinated and completed.

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4. **Metrics, signals and dashboards**: the ready-to-hand architecture of data, accounting logic & metrics, signals and dashboard that support the company's people, managers, analysts, media, and industry-watchers produce economic tracking and interpretations of value performance:

   a. Leading & lagging indicators.

   b. Operational metrics

   c. Financial metrics

   d. Measures of key wastes

   e. Signals of key risks

   f. Gates & action pathways

By adjusting and coordinating capabilities and practices in these four dimensions, we adjust the culture, the strategy and the performance of the company. If work in these four dimensions proceeds in an uncoordinated fashion then sub-optimization, confusion, and waste get generated at high rates.

We know that the specification of how action happens in these dimensions is always evolving and by nature incomplete. We are not claiming that anyone will — or even could — 'fully' specify action in each of the dimensions as part of a program to improve performance. The purpose of doing this general articulation of the Value Model is to define a horizon for assessing the relevance of possible design work, and to make explicit the roles, capacities, metrics and actions to drive asset performance and value. We consider these two last aspects as critical for sound project management.