



By Gary Klein and Jay Rothman

New Directions

Staying on course when
your destination keeps changing.

Sometimes you have to break old habits before they break you.

You have become successful because you delivered the goods—you achieved the goals you were given. You were relentless, focused, and reliable. People could count on you to get the job done once you accepted an assignment. And as long as the assignments were clear-cut, you were able to meet or exceed expectations.

But the higher you climb, the less stable the assignments and the fuzzier the goals. At the top, you keep running into

cases in which the goals are vague or in which you realize, midway through the project, that you've been going in the wrong direction.

And here, your laser-like focus on achieving goals may actually get in your way. The habits that long served you so well may become liabilities. Instead of pinning down a project's goals at the outset and moving in a straight line toward achieving them at all costs, you need to pause, multiple times, to determine how the goals may have shifted—and whether to change your direction to get there.

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It's a lot more complicated than revising a set of forecast numbers. One chief financial officer at a major corporation sadly recounted how difficult it was for executives to make these kinds of changes. The marketing staff had made a sales forecast, and everyone signed on, bonuses were worked out, and endless rounds of meetings were held to churn out a management plan. When data began to trickle in suggesting that the company would miss the target, management stuck with the original forecast, explaining away any discrepancies. No one wanted to go through the drill of rethinking objectives and launching a new round of meetings. The pressure to hold the line was enormous, and in doing so the company forfeited an early chance to stay on course by making small adjustments to goals and plans. In denial, management was forced to

make inefficient and disruptive changes at the end of the process.

Traditional management tools are grounded in clear and stable goals; they function poorly in complex situations where goals need to rapidly evolve. Most of them work by defining the objective, identifying tasks to reach that objective, developing a schedule for starting and finishing each task, and then monitoring the progress of each task. This process—known as Management by Objectives—helps you in situations that are well-ordered and in which you understand the dynamics. But the MBO focus on achieving the initial goals rather than replacing them with more suitable goals makes MBO less useful for turbulent conditions marked by high uncertainty.

Those conditions—increasingly common in this volatile business environment—demand what we call Management by Discovery, a strategy for achieving desirable outcomes when faced with complex, continually changing conditions and vague goals.

The initial goals may be misguided or incomplete, or may become obsolete. You may need to tweak them, or add some more goals to the mix, or drop some of the original goals because they aren't that important. Occasionally you'll have to replace the original goals with new ones that you've discovered are more appropriate.

Managers whom we've polled tell us that more than 40 percent of their programs and projects involve goals that are vague, ambiguous, and evolving. For upper-level executives, the estimates rise above 60 percent. Often, these are the most critical and high-priority efforts. In these situations, managers must figure out the dynamics of the situation and redefine the goals while they are executing their plans. This process is not simply adapting the plans in the face of challenges in order to reach the goals. It means *rethinking the goals themselves*.

The difference, then: You must gain insights in the

process of acting. You need a mindset that expects to change the goals you set at the beginning of a program or project.

Complex situations simply don't allow planners to clearly define goals in advance. How to proceed, then? By clarifying goals as you carry out your plan by seeing what is not working and why, and realizing what is actually needed.

Managers of successful engineering projects repeatedly describe how they started their designs before they had finished defining their project objectives. One study of 211 R&D projects found that the projects that started with well-defined business and technical goals didn't succeed any more than those whose goals were still fluctuating at the start. However, the goals for the successful projects did become better defined over the life of the project than

the goals for the unsuccessful projects. In other words, the successful R&D projects depended on learning what the real goals were, not on prematurely pinning them down at the start.

The organizations we have studied lacked strategies or tools for revising their goals. Worse, the management structures put in place often discouraged them from trying to do so. In one multibillion-dollar program, the clients and program managers worked out a complex Gantt chart that specified milestones and linked bonuses to reaching these milestones on schedule. Further, the client tied incremental funding to the achievement of the milestones. Once the program was under way, the managers realized where they needed to add new tasks and revise the intermediate objectives. They even found weaknesses in the original concept of the system they were building. But they didn't dare propose any changes because these would have threatened the flow of funds. Morale and productivity plunged as the team marched down the wrong road.

Management by Discovery does not mean that you should abandon the idea of setting and trying to reach objectives. Even when faced with complexity, you still have to aim toward some objectives. You still need schedules and progress markers. Without scrutiny of scope, time, and cost, companies cannot serve their stakeholders. The difference is that when you work within an MBD perspective, you don't fixate on the initial objectives but, rather, expect them to change based on what you learn. In fact, you prepare yourself to anticipate these changes, not try to avoid them. You expect to revise the goals—sometimes clarifying them, sometimes expanding or contracting them, and sometimes changing them dramatically.

Programs, Projects, and People

At the *strategic* level of MBD, we see leaders dramatically changing direction and business plans based on their diagnosis of current problems they face. Consider BP Corp.'s new

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program to develop alternative energy sources—a radical transformation for a company that previously defined itself as being in the petrochemical business. Another example: In summer 2008, city managers across the United States who had long lamented residents' attachment to their cars found themselves scrambling to increase their mass-transit offerings in the face of gasoline prices that had risen above \$4 per gallon.

For project planning, this shift in thinking and focus applies at the *operational* level. For example, if you are put in charge of a project to increase morale in your organization, you may come to wonder what morale or leadership really means, whether it means the same thing to different workers, and even why your superiors want it improved: Is it to reduce turnover, to improve productivity, to encourage greater engagement, or some combination of these goals? The CEO may have no good answers, leaving you to figure it out for yourself.

Management by Discovery also applies to *personnel management*. Making employees list their personal goals and then conscientiously try to conform to them, as many organizations do, can discourage employees from changing their interests and enthusiasms—surely an unintended consequence.

A Bias for Action

The most important requirement for doing MBD well is to adopt a discovery-oriented mindset. Many managers are so action-oriented that they don't reflect on why they are taking action and why they are running into trouble.

In one workshop, we presented a scenario in which a department's front-line workers were drawing attention—including from the local newspaper—for customer-service problems. We asked workshop participants to respond to the CEO's demand to improve customer satisfaction within three months. The first participant explained how he would provide more training to the front-line workers—springing into action to solve the problem before trying to understand what was behind that problem. The second participant said he would set out to diagnose what was dissatisfying the customers. The third participant took a different path: She proposed launching a media campaign both to educate the customers so that they'd have more reasonable expectations and to highlight examples in which service had exceeded expectations.

None of these participants illustrated an MBD mindset. Most strikingly, none of them showed any curiosity about the CEO's goals. If the CEO wanted to improve the skills of front-line workers, the first proposal might be useful, but without diagnosing the problem, the training program probably wouldn't

work. The second participant began by diagnosing the problem and then developing training, which is better—but still not good enough. If the CEO simply wanted to counter the negative publicity, the diagnose-and-train solution would take too long. The third participant had the right idea for improving the organization's image, but if the CEO really did want to clean up performance problems, this approach was a nonstarter. Without knowing what the CEO really wanted, none of these approaches can be judged effective. All three illustrate a bias for action.

That's another reason for MBD. If you are poised to spring into action, then you'll need to re-examine the goals after you've gotten started. However, that depends on your willingness to shift directions. And here we run into a more serious problem.

Most managers suffer from goal fixation. When faced with unclear and unpredictable conditions, they lock onto their goals and ride their projects into the ground. They often redouble their attempts to maintain control in order to reach the initial (and obsolete) objectives. A recent study of hundreds of managers found that they failed to revise their goals when the project changed in scope or when unexpected events rendered obsolete the rationale for the original goals. This mindset probably gets stamped-in early in a manager's career, when he or she learns the importance of meeting externally set targets.

You may explain that you aren't a quitter. Or you won't want to waste all of the effort that you've put into your initial goals and plans. Whatever the justification, the result is the same: goal fixation and a tenacious grip on the initial objectives.

In an age of uncertainty, we hear a great deal about being

flexible and adaptable, to be willing to change our tactics in order to reach our goal. But we can't remain fixated on that original goal. Based on how situations shift and what we learn along the way, we need to be ready and willing to change targets. In well-ordered settings, of course managers should keep focused, but in complex and unpredictable situations—increasingly common—it can be a big mistake to stay locked on to the initial goal.

You don't have a choice about whether or not to adopt Management by Discovery. You are already engaged in it when you

work in complex, unpredictable situations—those in which you can't figure out the nuances and implications of your objectives before getting started. Your only real choice is whether to do MBD poorly or to do it effectively. 🎯

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