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Complementary Consulting: The Only Real Option for Managers

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Complementary Consulting: The Only Real Option for Managers¹

Abstract

This article examines the topic of complementary consulting (CC), a very contemporary but only recently coined branch of consulting that combines the expertise of two well-paired forms of consulting, namely traditional business (expert) consulting and systemic process consulting. After setting the scene, we describe some of the key issues currently affecting management and consulting (and, indeed, the world at large). Drawing on these issues, we present a set of hypotheses regarding their influence on consulting practices. Two case studies provide a clear and practical illustration of how we put our ideas to work in real-life CC situations. Finally we connect the ideas presented with two leitmotifs (compensation and attitude) that could serve to advance current consulting practice and provide our outlook on managerial decision-making (DM) in the future.

Setting the Scene for Integration: Let's Regard CC and Decision-Making (DM) as Two Sides of the Same Coin

The theme of the MCD 2009 conference – “The Changing Paradigm of Consulting – Adjusting to the Fast-Paced World” – is a challenging and pivotal starting point for reflecting our intervention work as consultants. In this article, we seek to examine what lies behind this challenge, and in doing so we base our arguments on the keywords “integration” and the perhaps less ambitious “complementarity” (Sutrich, 2003; Hillebrand, 2006). In a more globalised, complex and faster changing (and thus more volatile and hazardous) organisational world integration becomes increasingly necessary, yet is difficult to achieve at the same time (Lawrence/Lorsch, 1969). This becomes particularly apparent when managers and consultants put specific emphasis on high quality DM processes. With globalisation quite literally almost forcing us to give way to a deeper awareness of ambiguity and uncertainty, we are convinced that now is the time to frame a new kind of a “risk management” sense in organisations that is much broader and more integrated than has previously been the case.

¹ A note about the authors: We both followed different career paths, come from different consulting backgrounds, work for different clients, use different forms of cooperation and are at different stages in our lives. We found this diversity very enriching in our cooperation. Our discussions opened up a number of new perspectives that will possibly shape the paradigm of future consulting.

CC is the helpful lens used by consultants to professionally reflect on their work and improve their contributions to the agility and resilience of organisations. When it comes to possible interventions that endeavour to make the difference and thus characterize CC, Table 1 (Königswieser et al., 2006) sums up our train of thought.

| Traditional Business Consulting | Complementary Consulting | Systemic Process Consulting |
|--|--|---|
| “We seek clear, unambiguous solutions.” | “Deliberate oscillation between content and reflection permits a positive change in problem-solving patterns.” | “We want to change patterns of behaviour and establish the ability to deal with conflict – 2 nd order change.” |
| “We work with ‘top’ management and experts.” | “We work with those people and groups who can achieve quick and lasting solutions to the issues involved.” | “We turn the people affected into participants and involve the powers that be.” |
| “We focus on business logic: numbers, facts and data.” | “We oscillate between business logic, unblocking and reflection.” | “We unblock energy and watch out for patterns of behaviour, relationships and communication.” |

Table 1: Interventions in different forms of consulting

CC is a service consumed by organisations in helping them to improve operational (immediate) *and* strategic (sustainable) performance.

Let’s have a look at the other side of the coin, the client’s perspective. In their capacity to absorb uncertainty, decisions are the basic matter that makes organisations go ‘round’ (Luhmann, 2000). Making fast and sustainable decisions is a primary task of managers and entrepreneurs, which is pointedly expressed by Tichy and Bennis (2007): “Judgment is the core, the nucleus of leadership. With good judgment little else matters. Without good judgment nothing else matters.” We are convinced that DM is the key element in the craft

of management, especially given the paramount impact decisions have on an organisation’s short-term performance *and* sustainability. Indeed, we embrace Sennett’s (2008) definition of craftsmanship as the “enduring, basic human desire to do a job well for its own sake” and his conclusion that “craft is as vital to the healthy functioning of modern societies as it was to the medieval guilds.” Organisational matters advance in a constructive, best possible manner when DM processes advance well. Otherwise, seemingly convincing concepts and worthwhile aspirations are doomed to falter and will remain just that – the unrealized concepts and aspirations of managers and consultants alike.

The very same quality of integration can be observed with the other side of the coin, on the part of managers in good DM processes (Sutrich/Opp, 2007, p. 78). It’s all about “not only ... but also”, doing the one but not refraining from the other.

| too much | not only... | Dimensions | ...but also | too much |
|--|---|---|--|---|
| naive optimism, without a sense of reality, only the thrill matters | identifying, using and developing opportunities | primary task “weighing up risks” | recognising, accepting, tempering and avoiding | seeing a danger/threat in everything (frozen by fear) |
| initiating an indigestible amount of new or culturally incompatible things | change = promoting innovation/creativity | change | conservation= stability/ providing orientations | perpetuation, blocking and sitting things out (to the bitter end) |
| breathlessness, restlessness, lack of feeling for time, stop-and-go, speeds kills who? | taking decisions quickly and early; speeding things up | pace, timing, flow, rhythm | cautious, deliberate; waiting for the right time, changing pace | missing opportunities; not affected by the pace of those around |
| “showdown”, simple not easy, shit-back-guarantee | reducing appropriately; simplifying to what is essential | managing complexity | deliberately building on the topic and the situation | getting lost in imponderability/ indecision |

Table 2: Integration / Complementarity in Managerial Decision-Making Processes (short version)

CC and DM are two sides of the same coin. It might not be necessary to regard it this way, but doing so is certainly helpful. Why? Both go together in bundling forces to cope with the ever more demanding task of managing integration. Some consultants quite happily refer to it as “CC”, while managers often imply that they are tacitly talking about good risk management and economic DM. Both views ultimately seek the same: not an “either/or” but the integration of “what and how”, “task and people” and “content and process” for the benefit and sustained development of the organisation (see Senge et al., 2008).

The basic rationale of our following arguments is very simple: Complementarity connects leadership and managerial DM with consulting. Complementarity is equally indispensable for both crafts. Discussing the Pro’s and Con’s of CC per se really means flogging a dead horse. Whatever the label for CC might be – there is only one really relevant benchmark to be met: Do the consultants deliver the appropriate kind of CC - as to its selective depth, scope and time span - in order to support and develop best the individual and organisational capability of DM to achieve performance? In this article, we will also demonstrate how CC supports managers in their primary task and helps to improve the quality and speed of organisational DM capabilities.

In aspiring integration, to be achieved via better DM supported by CC, we think that five key issues have to be addressed: complexity, organisational awareness, the current crisis, handling risks, and responsibility – and how they are connected with each other.

1. Five Key issues

1.1 Managing complexity: problem or solution?

There can be no ignoring of the increasing complexity in the modern business world. Indeed, we would not have had to write this article if managers and organisational decision-makers were not confronted with new problems and challenges that (confound existing know-how and) result in increasingly demanding decision processes (with globalisation just one of the more frequently mentioned of a number of relevant, irreversible drivers of complexity). But what exactly is complexity and, on a more practical note, how can we manage it? Baecker (1998) suggests two ways to approach this issue: we can either try to describe complexity as a problem whose solution can be found in specific forms of management, or as the solution to a problem that is yet to be found. The latter might sound unconventional, but has more promise, as complexity provides access

to the “jewels of ambivalence” (Barz/Looss, 2008), which is what life is made of, according to Baecker (1998). It is also the basis for good decisions, as we continually balance innovations we consider necessary with the traditions we consider worth keeping. This dilemma allows us to observe and “juggle” the situation until the balance swings in favour of one or the other, either being seen positive result (Baecker, 2008). Other common or even reflexive responses to complexity include (see Königswieser/Heintel, 1998):

- a) Limited acceptance, e.g. through simplification, prejudices, unidimensionality;
- b) Forms of reduction, e.g. reverting to norms and hierarchies;
- c) Self-steering principles in groups.

Limited acceptance or reduction of complexity are both clearly survival options for managers and consultants alike, despite their lack of contributing to intelligent and lasting organisational development.

1.2. Organisational awareness – a strong answer to weak signals.

In their remarkable book *Managing the Unexpected*, Weick and Sutcliffe (2001) point out that ensuring sustained high performance in an increasingly complex age requires the ability to successfully manage unexpected threats which could spiral out of control.² They use the example of “high reliability organisations” (HRO) to illustrate that a “collective state of mindfulness” is needed to handle such situations and identify five principles that may prove helpful not only during, but also in the emergence of a crisis: 1) preoccupation with failure, 2) reluctance to simplify labels, 3) acute sensitivity to business operations, 4) strong commitment to resilience, and 5) deference to expertise – recently underpinned by Richard Sennet’s (2008) plea for “craftsmanlike” attitudes.

Organisations with this kind of collective attitude constantly seek to update their interpretation of the task at hand and identify the most plausible explanation for a situation to ensure possible remedies will be found. The main difference between HRO’s and other organisations is that the latter normally react weakly to or tend to ignore weak signals, while mindful organisations are alert to the importance of weak signals and react strongly.³

² Weick and Sutcliffe do not elaborate equally mindfully on unexpected opportunities!

³ Nassim Taleb (2008) follows the same basic concept: “Black Swans being unpredictable, we need to adjust to their existence (rather than naively try to predict them).”

1.3 The current crisis – a strong signal, major threat and great opportunity.

The current economic crisis is a strong signal, a major threat and a great opportunity for better understanding and managing complexity. Indeed, we believe it can be seen – and used – as a symptom of a further increase in complexity. In Chinese, the words for “crisis” and “opportunity” are closely related; they are both made up of two characters, one of which they share. Crises want to be moulded, as two recent quotes illustrate. “You never want to let a serious crisis to go to waste,” White House Chief of Staff Rahm Emanuel told journalists just after the election, while economist Tyler Cowan announced on his *marginal revolution*⁴ blog that “recovery is about entrepreneurship”.

As far as “sustained organisational development” is concerned, the challenges raised by the current crisis ought to be taken seriously. They carry the great potential of helping us to develop a better understanding of complexity. We need to use this understanding to advance more sustainable DM and consulting, instead of resorting to the – admittedly easier and all too familiar – mainstream reflex option of seeking “quick-fix” solutions and aborting collective learning by blaming easy-to-find scapegoats. If you were asked to put a figure on it, how many organisations do you think embrace high-pressure situations as an opportunity to take learning to a new level? As many as 10%, or even 5% or less than 3%?

1.4 Handling both the threat and the opportunity in risk.

There are always two sides to risk: the threat and the opportunity. Indeed, one specific problem in the current crisis (in addition to the lack of a prior systemic view) is the way risk is handled. Fortunately, life is also always a risk. Bennett (1976, 2004, p. 29, 32) is a real treasure trove of information when it comes to understanding hazard and risk. He maintains that risk bestows meaning and depth to experience, is omnipresent and permeates everything that exists. Without risk, life would not be able to develop.

In the years immediately after the catastrophes in 1986 (Chernobyl, Challenger and Schweizerhalle), much was written about the “right” way to handle risk. Aside from increased criticism of technology and the rise of environmental organisations, these catastrophes were precursors for what the sociologist Beck (1986) referred to as the “risk society”, i.e. a society characterised by simultaneous development of wealth and risk.

⁴ <http://www.marginalrevolution.com/> (17.04.2009)

As so often before, the recent boom years have clearly led us to again forget, suppress or at least underestimate the dangers associated with risk. Indeed, the current crisis reveals not only the unidimensionality of the understanding of risk prevalent in organisations in recent years⁵ but also that conventional risk management is dangerously restricted to financial risk (Stulz, 2009). Yet surely now more than ever is the time to re-embrace Bennet's (*ibid*, p. 34) idea that the really interesting and important thing about the way risk works lies in understanding how to draw benefit from it for our own lives.

1.5 Responsibility means taking risks to advance organisational sustainability.

Luhmann (1998) makes a useful distinction between risk and danger: attributing possible adverse events to a decision constitutes a risk, while attributing them to a chance external source constitutes a danger. This distinction also opens the door for other social problem-solving mechanisms. Danger, e.g. external enemies, leads to solidarity. The situation would be quite different if it were defined as a risk of the decision, which leads to a social split between decision-makers (e.g. bank executives, investment bankers, politicians) and those affected (e.g. voters) – as demonstrated by the call on the website of a European NPO criticising globalisation in March 2009 under the motto “We won't pay for your crisis/debts!”⁶ Or, at least in part, by Bennett's realisation that we live in a dramatic universe full of risks, where every decision is important, no matter who makes it – a notion that for some reason is constantly rejected (*ibid*, p. 45). Given the prevailing dynamics of the current crisis, we see a real need for organisations to (seek the empowerment to) face and embrace their respective responsibility.

2. Seven Hypotheses

So what does this mean for the advancement of organisations and the future of consulting? The insights gained from the five key issues above lead us to the following seven hypotheses.

⁵ See the 2009 Ernst & Young business risk report

⁶ www.attac.de (16.4.2009)

H 1: Complexity, the inevitable hazards that come with it, the increased uncertainty and risk they cause and the speed of change all raise the demand for a new form of DM and consulting.

This new form of DM and consulting involves focusing on those processes that lead to the best possible DM support. The conventional perspective of starting with the “hard” issues and following them up by addressing the “soft” processes in the system is simply too slow of an approach. (Similarly, there no longer is enough time for an approach that begins with strategy development and then goes on to work on the structures and culture). A holistic, lasting approach to organisational development needs to embrace both, i.e. it has to be based on an “as well as” not an “either/or” and be exactly what it claims to be – holistic.

H 2: Managers find CC plausible and easy to accept.

They are used to incorporating business issues and process-related aspects into DM processes as a matter of course and without questioning why they do so. Thus, the “only real option for managers” we allude to is intended to convey three observations:

1. Firstly, the “as well as” choice is the only reasonable option for managers, because business content and expertise are naturally linked to the processes that surround them. All managers and experts have to try to bring their expertise into – emotionally relevant – contact with other people.
2. Secondly, managers often (unconsciously) exhibit a personal and/or professional preference/bias for one or the other (i.e. traditional business consulting or systemic process consulting).
3. Thirdly, a focus purely on either business content or systemic processes only invokes a discussion among short-sighted consultants seeking to defend their own turf. But selling a solution based on either “hard” or “soft” factors is a waste of time, because the “as well as” option is elegant, cost-effective, time-saving and sustainable, and that is the paramount issue.

H 3: Complementarity connects the energy of CC with the energy created by good managerial decision-making processes and thus creates lasting growth in the behavioural repertoire at all stages of the cooperative process.

Expanding the playing field demands greater professionalism and an investment into developing a new room to manoeuvre. Consultants who embrace complementarity allow

themselves to be guided by the systemic loop (Fig. 1). In line with the basic model behind the systemic loop, this requires an expansion of the behavioural repertoire at all four points. Key additions will occur in the “Gathering information/diagnosis” phase. If business issues are included in the diagnosis, the result will naturally be different (as will the “how” element of the accompanying diagnosis) and will reflect any need for compensation (see section 4.1). Similarly, the “Building hypotheses” and “Planning interventions” phases will also change. The actual gains are not simply additive in nature, they also provoke a qualitative leap.

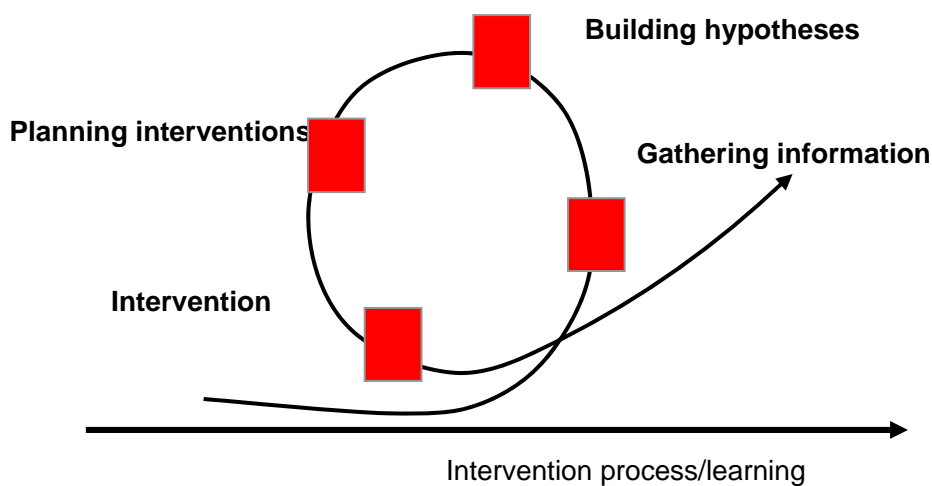


Fig. 1: The systemic loop

An identical logic applies to the managerial DM process. Managers usually (silently) draw orientation from (mostly tacit) risk analyses. What they want is an elegant, soundless, dynamic and “emotionally cost-effective” decision process that is understood, supported and co-driven by the consultants.

The “Source Territory” (see Fig. 2) is where managers and organisations lay the groundwork for what they want to achieve. This could include, for example, “facing reality”: letting people know in a mindful, open, honest and brave manner that you, as a responsible manager, are ready to get fully involved and act on the outcome of a decision – no matter who made it or what perspective it comes from – which is the best starting point and driving force for the next phases in a successful decision process.

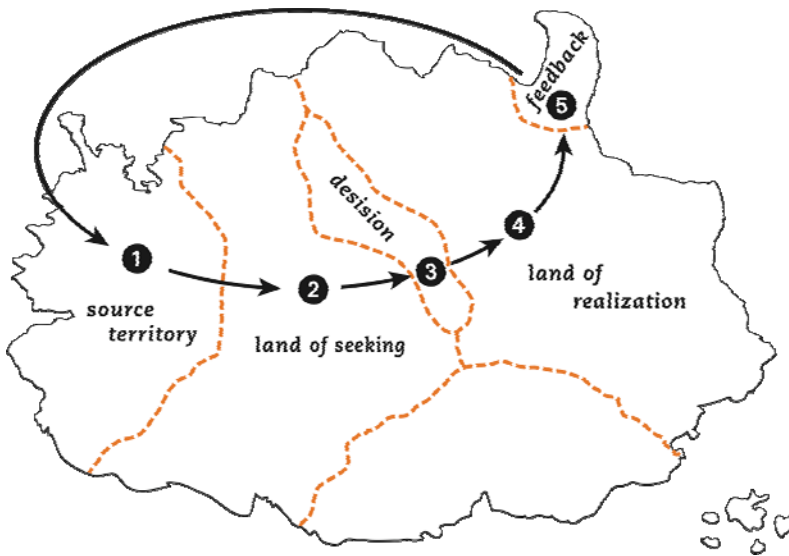


Fig. 2: Decision process map

Unfortunately, only deliberately working one's way through all five phases of the process, thus "closing the loop" (Opp and Schulda, 2008), will result in more real options and in better decisions. Only this becoming a professional habit will enhance widely the sense of responsibility and will definitely result in sustainably better managerial and organisational DM capabilities.

H 4: The system diagnosis – and diagnosis of the need for compensation – is an ongoing process in which both managers and consultants alike (consciously⁷) oscillate between the two poles of expertise.

Balancing the poles of expertise is just as important in managerial DM processes (which the consultants have hopefully understood and support) as it is in consulting diagnosis processes. Managers (clients), however, appreciate the benefit of quicker and better DM processes that follow a sound diagnosis, i.e. those that lead to faster and more lasting implementation of proposals, simply because the interplay between "what" the organisation does and "how" it does it encourages far quicker acceptance in the organisation (or "connectivity", as systems theorists would say).⁸

⁷ Consciously oscillating in this way requires (intensive) effort, so setting priorities with regard to both business and systemic processes is a clear sign of professionalism.

⁸ We are certain that systems – individuals and organisations – reduce energy and instinctively slow down or block activities when the "as well as" between business and systemic processes (the "what" and the "how") is damaged or out of balance.

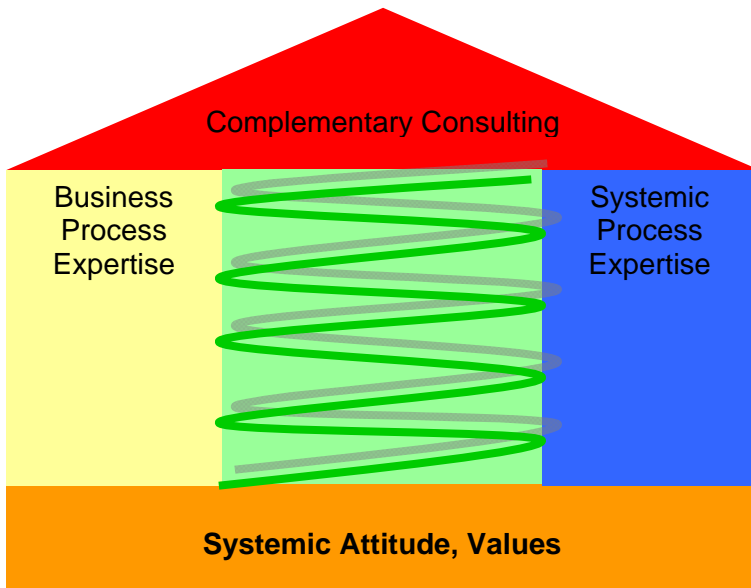


Fig. 3: Oscillating between Traditional Business Consulting and Systemic Process Consulting

H 5: We need to calculate more quickly, decide more slowly⁹ and not confuse the two.

DM starts where calculating and downloading risk assessment models stops. If there were no incalculable risks, no decisions would have to be made. Consulting and DM both involve recursive – largely subconscious and uncommunicated – observing, negotiating, sharing and processing of perceived and diffuse risks. In correct systems theory terms, these risks always refer simultaneously to the different dimensions of meaning described by Luhmann (1984) as “fact, social and temporal”. If this management of perceived and diffuse risks is adequately integrative, the process will progress quickly and produce quality results. However, if the recursive, oscillating “as well as” approach can no longer be kept in balance, DM and consulting processes will get damaged, blocked or even aborted.

⁹ Baecker (2008)



Fig. 4: The Pentaeder Model of the Decision-Making-Space in Organisations

Our two primary tasks as consultants are to be immediately helpful *and* to render sustained value-added. This we accomplish best by contributing to enrich and enlarge the sheer volume and qualitative richness of the **decision-making-space** imaginable in an organisation. Single responsible managers and the organisation as a whole can ultimately only take responsible choices and influence a future they can imagine – the more and the sooner they do so the better.

H 6: It helps to link CC concepts not just with DM but also with organisational learning, leading to sustained change.

Learning and, in particular, organisational learning, are very important to consultants interested in complementarity – particularly in light of H 1. Organisational learning speeds up when complexity and risks are both addressed in an as businesslike and conscious manner as possible. We like to draw on the words of Arie de Geus (2007), who refers to decision making as a “social process” and describes non-routine decisions as the most “distressing” and “vital”: “Decision making consists of trying to find, as a group – in a social and language-based process – new solutions for new situations. These solutions should give the group of decision makers a sufficient amount of confidence to dare to implement them. [...] Decision making is a learning process.” This can be achieved pragmatically by reserving time and space for lessons learnt, maybe starting with “Feedback” (see Fig. 2).

H 7: Consulting is increasingly tasked with establishing a cooperative process that uses every possible integration opportunity – no matter how small – to ultimately support the long-term survival of an organisation.

Consulting is sometimes tacitly and incorrectly seen as a one-sided service designed to minimize the client's risk. Consulting too often sells rather unsecure security. On the other hand bold decisions would help and render more security and self confidence and responsibility (see key issue 5). „In the middle of difficulty lies opportunity“ (Einstein). We believe that the middle of all difficulties and opportunities and solutions lies in oscillating between the seemingly incompatible.

Consulting that meets the demands of modern organisational reality has to encompass a mindful, balanced regard for both sides of risk. Such forms of consulting – and the yet to be invented new organisational structures (!) – will be identifiable by their characteristic, mindful and integrative approach to managing risk – closing our recursive loop and bringing us neatly back to H 1.

3. CC in Practice

We will now provide two examples of CC projects in practice. In doing so, we have consciously chosen smaller-scale change processes to ensure our case studies give a clear (simplified) impression of what we intend to advance. These examples **turn** our key issues and hypotheses into concrete actions. We chose these particular case studies because they clearly illustrate two of the key elements in what we do and the theory behind our work – compensation and attitude – which we will discuss in section four.

3.1 Case Study 1: CC as a Craft – Helps in Times of Crisis

Setting: medium-size transportation and logistics company with 4,400 employees based in Austria with 129 international offices and sales of 990 million euro in 2008.

It was a Saturday afternoon in March 2009 and two days of hard work and commitment had just come to a positive end. Despite the inevitable high tensions, the atmosphere in the workshop had been light-hearted and effortless, we had laughed and had fun, and the feedback had been appreciative, touching and had given the participants strength. The 16 managers from one of the German offices and the two consultants/facilitators (one internal, one external) who had supported them all left with the same impression: these had been two helpful days, the time and money had been well spent and, most importantly, the

workshop could not have come at a better moment. So what had happened, and what did it have to do with CC?

- The work was embedded in a 100% commitment to “what”, “why” *as well as* “how”, to tasks *as well as* people and to hard *as well as* soft factors (see H 1, 2, 3 and 4) from the very first 10 minutes of the briefing session through to the preparation of the workshop, the closing remarks and the outlook for the months to come.
- Behind the work lay the - perhaps 75% tacit - understanding and confidence that the facilitators would deliver as much compensation as was necessary and possible (see H 2, 3, 4). The General Manager’s primary focus was on getting results and achieving targets. He expected us not only to implicitly understand his position and support his aspirations, but also to challenge and enhance (complement) his position and aspirations. At the same time, the GM expected us to stimulate and compensate him socially, address cooperation and personal aspects and intervene in ways he himself could never have attempted (see H 6 and 7).
- We worked hand-in-hand on strategic and operational questions, i.e. on strengthening customer value and relationships, on improving these processes (having intentionally ensured the “entire system was represented in the room”), on practising giving feedback and brushing up on the rules for doing so, thus enhancing the team spirit and creating solidarity with the other members of the organisation not present (see H 4, 6 and 7).
- We didn’t have a particular name for the workshop when we started, and the participants wondered why. At the very end, someone suggested calling it “*Feine Klinge 2009*”, which everyone agreed summed up what we were doing beautifully (and translated means doing something “intuitively right” or with “the right feeling”).

When we reflect on this case study, we have to admit to feeling the sense of pride that stems every once in a while from the craftsman’s satisfaction in having “done a job as well as it can be done – for its own sake” (Sennett, 2008). And as true craftsmen: every single word we have said about complementing and compensating the GM also rang true and was apparent in our relationships with the other 15 managers in the room.

3.1 Case Study 2: The Need for Compensation in Systemic Processes

Setting: medium-size company with around 1,500 employees. The HR department had a poor image, and its internal “clients” were dissatisfied with the service it provided. Something had to be done about the problem – and quickly. The department had to convey what it did well and needed help in finding a good way of doing so.

We suggested complementing our system diagnosis with a two-day manager workshop to identify the initial measures needed. During the workshop, it quickly became clear that we would have to work simultaneously on three aspects – strategy, structure and culture (see H 2). But we also identified a key starting point: the company needed a professional staff appraisal system (in itself, an effective method of achieving visibility and creating an impact). We asked: Which tool(s) could make the change necessities most visible to the organisation? How do we make sure that this initiative is a viable first step and hints towards long-term change necessities? Which instrument could demonstrate best a profound change in the „how“ of implementing it? (see H 4 and 5)

We provided our own expertise as “old hands” in the HR sector (see H 3).

The subsequent system diagnosis confirmed our assumptions: in addition to professional issues like the recruitment and letters of reference processes (where a lack of experience was apparent and mistakes had been made), a number of other “cultural” weaknesses (e.g. unreliability and lack of service orientation) were revealed. Of course, the department also clearly had its strengths (e.g. its salary and pension systems) and a very dedicated team (even if this might at first glance seem contradictory to its reputation for unreliability). The team was hit hard by the results. They were at a loss about what to do, what actually needed to be changed or how to establish the necessary processes. So regular “Monday morning meetings” were introduced (and initially used to discuss mistakes), and we helped them with the issues and the processes involved (see H 3 and 4). Six months later, the turnaround was complete. A subsequent survey of 50 of the company’s managers confirmed that significant changes had been made.

In simple (i.e. text book) terms, the advice on both “what” constitutes a good staff appraisal system and “how” to best use it were valuable inputs for the organisation. The department also had to learn how to change its own patterns of behaviour, initiate learning processes and encourage reflection. Yet without the initial input on what needed to be done, some people might not have been with the organisation long enough to actually reflect on how they might change their attitude. The Head of HR clearly understood the necessity of

addressing both issues simultaneously (see H 2) and while the ongoing diagnosis in the client system through the Monday meetings and in the consulting system was arduous, it ultimately produced the desired results (see H 4).

4. Leitmotifs in CC

The two cases studies illustrate the benefits of CC. In essence, there are four fundamental keywords behind this approach: complementarity, compensation, integrative focus on results and attitude. Given their relevance to our case studies, we would now like to explain what “compensation” and “attitude” means to us, and connect these two concepts to the other side of the coin, managerial DM.

4.1 Compensation – filling in the know-how gaps in the client system

What do we actually mean by “compensation” in a consulting context? Basically, compensation means filling the gaps in know-how in the client system with knowledge provided by external consultants. Of course, this is a delicate matter, and we approach it with extreme care: we carefully select the know-how required and introduce it into the client system in the required doses, almost like a jump-start to trigger the learning process. (see H 6: Its all about that the system is learning). Consultants that embrace the complementary approach, have extensive know-how (of various topics, fields, etc.), use a variety of methods and are very different in terms of personality. The main focus of the knowledge provided by the consultants (i.e. whether the gaps need to be compensated more from a traditional business consulting or a systemic process consulting perspective) is determined by a system diagnosis.¹⁰ Since we – ideally – should have no *a priori* emotional preference for one or the other, the client is in the enviable position – not something to be taken for granted – of having access to a combination of the “best of both worlds”. This diagnosis – basically an internal and external assessment of the organisation’s capabilities and deficits – serves to ensure we offer just the right amount of support – not too much and not too little – and neither dominate nor ask for too much. This is a very sensitive phase in the consulting process. Discussing areas where compensation is needed (i.e. pointing out deficits and potentials) might be interpreted as an offense or a

¹⁰ Other ways of determining the need for compensation include reviewing milestones and goals, external supervision and internal reviews with project managers.

criticism of the organisation. But handled correctly, it can form the basis for a credible, constructive and appreciative form of mutual understanding.

Need for Compensation

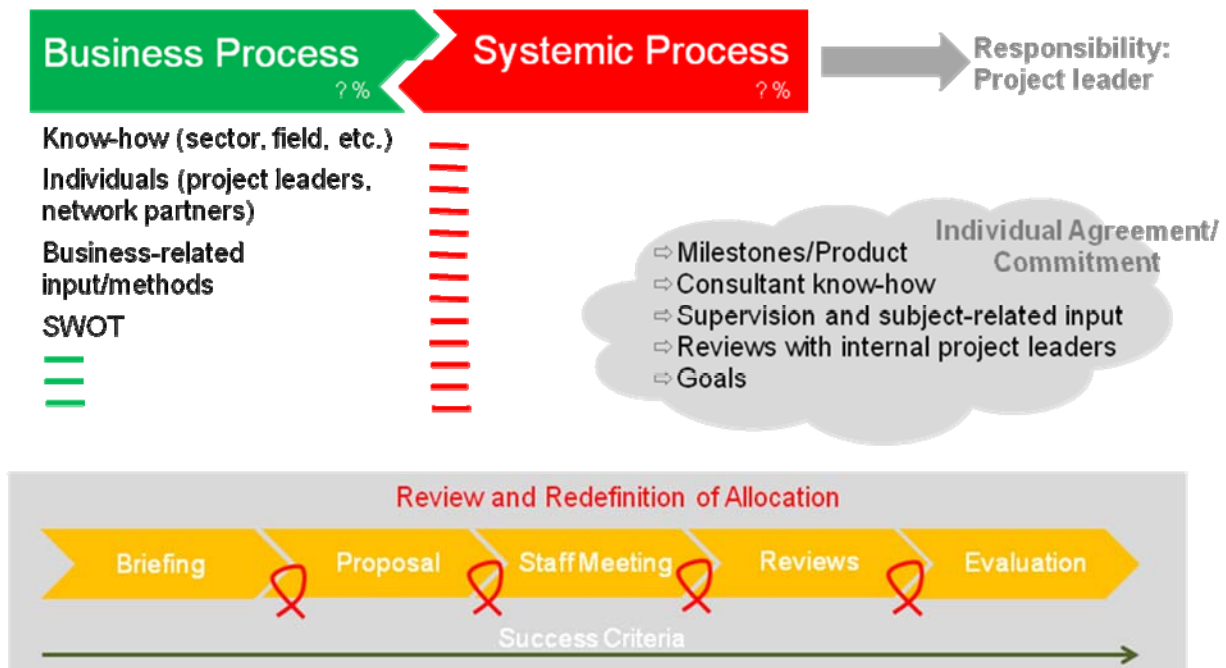


Fig. 4: The dimensions of compensation

4.2 Compensation in practice

In both cases complementarity and compensation evolve, explicitly and implicitly (see H 1, 2, 3 and 4). In both cases the consultants increase complexity (key issue 1) by raising issues the organisations are not that much aware of. At the same time we reduce complexity by compensating know-how to increase reliability and confidence in process safety / stability. We enhance awareness (see key issue 2) and appreciation for process expertise.

4.3 Compensation and decision-making

The second case demonstrates the use of consulting (of any kind) to initiate decisions and actions that have been blocked and are overdue. Both cases demonstrate that decisions are more readily accepted and implemented when there is a, between consultants and client agreed upon, balance of focus between the task at hand and the people involved. Compensation is as important in CC as it is in managerial DM. It offers support for DM in organisations in a number of different ways, including the following three examples:

1. Managers can be shown (both on a personal and a role-based level) the most constructive way of complementing each other through their different styles of DM, i.e. the way they prefer to handle decisions (Lanzenberger/Sutrich, 2008). They can be helped to oscillate more smoothly between the “what, why and how”, between work-related and people tasks, analytical skills and intuition, etc.
2. The people in the many different kinds of teams that build the bridges between individuals and organisations can develop greater awareness and willingness to complement each other by providing different perspectives on the actual decision to be made.
3. On the organization level, consultants with a systemic attitude can provide complementary know-how; e. g. a big task – often not asked for! - is, linking operational short-term performance improvements to strategy and the long-term fostering and development of organisational capabilities (i.e. cross-functional and cross-hierarchical DM capabilities.) Indeed, one of the most demanding aspects of compensation in times of crisis lies in establishing and maintaining the link between survival and development – two seemingly incompatible goals.

In short, the chances of encountering one single manager, expert, or consultant who is equally aware or capable of handling all five phases of the DM process are extremely rare. This offers another reason that we urgently need compensation and integration!

4.4 Attitude

To cope with the five key issues challenges organisations (our clients) as much as the professional identity of consultants. The most relevant and sustainable response (ibility) of consultants and clients alike to complexity and escalating risks (key issues 1, 2, 4 and 5) possibly lies in their basic beliefs, values and attitudes. By not believing in objectivity and respecting the context as very relevant we certainly do increase ambiguity, ambivalence and complexity, but we are doing this consciously in order to foster better and faster DM processes, thus producing self confidence and confidence in the systems surrounding us, thus inducing better, more integrated risk management, resulting in reducing complexity. Developing such attitudes is the linchpin of successful consulting and lasting managerial success.

The attitude of an integrated consultant can best be described in its differences to that of a “pure business consultant” and a “pure systemic consultant”. It does not simply combine the two, it adds a new dimension of quality – a context-dependent oscillating between the poles that opens up totally new perspectives. Nonetheless, some of the systemic conventions remain valid. Differences are enriching and diversifying, and holistic approaches centre both on working together with the client and on balancing the attitudes between the poles (e.g. reflecting and learning from feedback while remaining spontaneous and intuitive, being affected and getting involved yet maintaining distance and composure, considering hard and soft factors, slowing things down without reducing efficiency (Königswieser/Hillebrand, 2005).

No matter what **form** consulting takes or what tools **are used**, we believe that this integrative attitude is absolutely fundamental. It **makes** complexity (even in its newest form) workable, risk addressable, yet also allows both consultants and managers to remain empowered, i.e. able to always embracing new options, doubting but not doubting too much.

4.5 Last, but not least: The reality of decision-making in organisations (or Mullah Nasruddin’s 3 lost keys).

Whenever we sit down and reflect on the day-to-day-reality of DM in many organizations, the story of Mullah Nasruddin’s lost key never fails to come to mind:

Late one evening a group of people came upon Mullah Nasruddin crawling around on his hands and knees under a street light looking for something. “What are you looking for?” they asked. “I’ve lost the key to my house,” he replied. Eager to help, they all got down and began searching. After some time had passed without any sign of the key, one of the helpers asked where he had originally lost it. “Over there in the dark under the bushes,” answered Nasruddin. “So why are you looking for it under the street lamp?” asked someone else. “Because there is more light here,” replied the Mullah.

This offers us **three keys to the long-term learning process** that equals real DM in organisations (instead of drifting) and teaches us not to look for solutions in familiar, well lit up areas, but to focus on those areas currently in the shade, where the broadening of our horizons will lead us to “new solutions for new situations” (de Geus, 2007).

- **The first key** can be found by broadening our level of awareness, shifting from the current practice of limited financial “risk management” (which clearly fails) and

shedding more light on areas which offer greater and more integrated understanding of and improved dialogue on risks. Hopefully we will learn from the irony of the situation that – of all possible culprits – it is in fact the proclaimed experts in financial and economic risk management, the two sectors of the economy with the strongest risk management – banking and insurance – who are currently so brutally demonstrating the deceptive security and downfall of this limited, albeit customary, perspective.

- **The second key** lies in shifting our awareness away from the opinions or judgments of individual men (and, albeit more rarely, women), no matter how great their expertise and ability or how powerful and convincing they might be, to the organisational capabilities of DM that need to be enhanced. This includes the pivotal function of teams and networks. Relying too much on, worshipping (and eventually condemning) great men and would-be heroes keeps us from developing those badly needed pragmatic tools¹¹ and organisational capabilities. And it goes further: we now know that this all too limited perspective is also, more often than not, harmful. Those numerous CEOs who relied on investment bankers for their bonus schemes were (and still are) very successful decision-makers in their own right – to the detriment of their respective organisations, who in turn enabled this through their organisational myopia and incompetence. The investment bankers themselves made the “right” decisions at a personal level (i.e. to earn as much money as possible).
- **The third key** we have mentioned before: shifting and broadening our awareness from the time of the formal decision to the actual process of deciding. This helps us greatly in understanding and learning about the business of DM in organisations.

All three keys have one thing in common: to expand the three cones of light (see key issue 2) and work with an oscillating beam of light (see H 4). Therein also lies our permanent role as consultants, a role we must seek to strengthen in the long term. In doing so, we need to ask ourselves and our clients even more distinct questions, for as one anonymous author once said: “The type and number of questions a man can ask limits his horizons.”

¹¹ For more about these and other tools, see Sutrich (2006), Sutrich/Opp (2007) and Opp/Schulda (2008).

Closing Comments

The two cases clearly show that CC works in addressing the case of integration and the five key issues. It works even better if the consultants avail of a wide range of skills and use them flexibly and spontaneously. Yet these skills are pointless if the client is not aware of them. It takes more than just rationale to raise this awareness – it must be demonstrated in actions, with emotions and personal presence. That's the primary way of drawing more attention to our craft. This will hopefully help to win the clients confidence that “his/her” consultants / facilitators / coaches really help to increase equally quality and speed of their DM process (capabilities).

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