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## Capabilities for Sustainable Business Success

by

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I met Professor Dennis Turner in 1990 while attending an Executive Program at The Australian Graduate School of Management (AGSM). During the program, Professor Turner referred to his research into organisational capabilities, the research that was later described in *Change Power: Capabilities that Drive Corporate Renewal* (Turner & Crawford 1998). I subsequently attended *Successful Corporate Change and Renewal*, the program in which Turner and Crawford assisted participants to understand their model and to develop action plans for their own organisations. These encounters with Professor Turner's ideas changed the course of my managerial career. When I entered the Executive Program I was a partner in a consulting firm with four staff: six weeks later I was a middle manager with (then) Telecom, with 1,000 staff and 120,000 customers. I later led major change initiatives in which I successfully applied Professor Turner's theories. I am therefore pleased to critique his ideas on organisational change as part of this review of his contribution to management practice and theory.

### **Achieving Sustainable Business Success**

Turner and Crawford (Turner & Crawford 1992a; Turner & Crawford 1992b) argued that organisational success is influenced by capabilities, both personal and

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organisational. They further argued that organisations need to be able to manage both change and current business to achieve sustainable growth; and that the capabilities required for the management of change and current business differ (Turner 2000; Turner & Crawford 1995; Turner & Crawford 1998). In particular, they demonstrated that effective change management is distinguished by the capabilities of engagement and development, while capabilities in marketing and selling and the technology peculiar to the industry are essential for the management of current business. Performance management was shown to have a pivotal role, being the only capability required for both change and current business. Turner and Crawford proposed that capabilities resided either in individuals or in organisations: personal capabilities were shown to be more fragile than those embedded in explicit forms in an organisation (Dunphy, Turner & Crawford 1997; Turner & Crawford 1994; Turner & Crawford 1998).

Further, Turner and Crawford (1998) argued that enduring business success also relied on the managers' recognition and modification of the state of the organisation, either positive (empowerment, esprit de corps, understanding and commitment) or negative (conflict, resistance and anxiety). Business success results from the impact of actions on the organisation's state(s); the capabilities determine the nature and effectiveness of the state-changing actions.

This research relied on several sources for its hypotheses and evidence. Professor Turner's comprehensive experience as a senior manager, was supplemented by case studies of Woolworths (Turner 1992) and Du Pont's Girraween site (Turner 1994), and by interviews with senior managers. Finally, with Dr Crawford, a survey was conducted of senior managers attending AGSM Executive programs over a number of years. The survey, completed before the commencement of the program to ensure that respondents were not influenced by the program content, included information on 243 instances of change in 141 organisations in Australasia; both private and public sectors were represented (Turner & Crawford 1998, p. 52). Respondents were asked to provide a detailed description of a change program of which they had personal knowledge; they also rated themselves and their organisations on sixteen competencies, (later grouped by the researchers into the five abovementioned capabilities); finally, respondents were asked to rate their organisation's success at managing both change and current business.

## **Evaluation of Research**

One of the strengths of Turner and Crawford's theory is that it separates management of change from the management of current business; consequently, both spheres of management are clarified and dignified. In much of the management literature written for practitioners, the importance accorded to change management can obscure the significance of ongoing operational management. This can have the unintended consequence that skilled operational managers forsake their strengths in pursuit of the accolades accorded the change manager, with a real risk that both change and current business suffer. This is a particular danger in organisations with high reliance on technological competence. Turner and Crawford have demonstrated that effective management of current business relies on 'biztech' (the ability to manage the knowledge and skills in the

organisation's core technology, e.g. medicine in a hospital) and marketing and selling. The impact of biztech was particularly significant, as can be seen from the size of the relationship between biztech and current performance in their research. For the more technically minded, the regression coefficient,  $b = 0.57$ , was significant at better than 0.0001 and significantly higher than all other regression coefficients in the tests of their model.

Identification of the capabilities for managing change provides a uniquely valuable lens for the development and management of change programs. The focus on capabilities, particularly engagement, causes a sober approach to the planning of change. In my experience the speed of change is determined by the effort and effectiveness of the engagement actions. Initial planning for the engagement activities can temper ambitions about the scale and scope of change programs, and thus enhance their success. The focus on development ensures that managers take the long view and institute actions that ensure sustainability. Consideration of these capabilities leads to a more thoughtful approach to change than some of the step-by-step approaches popularised by other authors.

The pivotal role of performance management in Turner and Crawford's framework also provides a timely reminder of the significance of performance management activities. The exploration of performance management through both the change and current business perspectives enhances the manager's comprehension of this vital managerial role.

Finally, the recognition of the varying states of the organisation and the impact that these states have on the effectiveness of change provides a valuable insight. Indeed the real power of the complete theoretical framework becomes evident when plans take account of the current and required states of the organisation and the strength of the organisation's capabilities

I have great confidence in the applicability of Turner and Crawford's theoretical framework to Australasia. While they drew on international literature in the development of the theory, it was refined and tested with data from Australian and New Zealand organisations. There is evidence that Australians are not carbon copies of other English-speaking people (e.g. Telstra Corporation Limited 1993) and successful change strategies need to respect those differences. A theory of change management based on empirical studies in Australasia thus provides a very valuable contribution.

The rigorous method brought to the research by Michael Crawford gives further confidence in the results (Turner & Crawford 1995). Much research on the management of change relies solely on data collected in case studies. Turner and Crawford drew not only on case studies, but also tested their theory with a survey administered to a substantial (243) number of managers reporting on an impressive (141) number of change initiatives. External validity may be threatened because the sample of organisations and individuals attending AGSM programs may not be representative of the managerial population, both because smaller and not-for-profit organisations may not be able to afford the program fees and because attendance at the programs may signal a concern with management education that is not universal across Australasian organisations. Also, confidence in the results of survey research can be undermined by concerns about the simultaneous collection of perceptions of causes and their effects, for example Turner and Crawford's collection in one survey of data on the strengths of the capabilities and the extent of

business success. However, the authors allayed these concerns by examining the results for organisations with more than one respondent: the capability assessment of respondent A from each organisation was paired with the assessment of business success made by respondent B and vice versa (Turner & Crawford 1995). The resulting patterns of estimated relationships between capabilities and current business or change effectiveness were not materially different from those in the whole sample. Thus the authors demonstrated that their results were not compromised by the simultaneous collection of data on capabilities and business success.

### **Dissemination of the Results**

As is evident from the references, Turner and Crawford have published their research in a number of academic sources. However, most practitioners would be familiar with the researchers' work through their book, *Change Power* (Turner & Crawford 1998). The book is a wonderful example of theoretically grounded and robust research made readily comprehensible to practitioners. The framework is intuitively appealing to practitioners and the narrative presentation of the book makes it easy to absorb and apply the lessons from the research. It is a considerable achievement to create a book that is actionable by managers without sacrificing the rigour of the research that underpins it.

The results of the research have also been communicated to many hundreds of managers through the AGSM program *Successful Corporate Change and Renewal*. The program is enlivened by Professor Turner's stories, which demonstrate his deep grasp of the realities of management. Years after doing the course I still remember some of the stories, and have used them to explain the concepts to my management teams and colleagues. Not only do the stories explain the research, they also illustrate Professor Turner's abiding concern for the success of organisations and the effectiveness of managers.

### **Conclusion**

Through his research, his academic writings and his teaching, Professor Dennis Turner has provided a very important addition to management theory. Professor Turner has made his ideas accessible to practitioners through his engaging teaching and through the book *Change Power: Capabilities that Drive Corporate Renewal*. His contribution will live on in the understanding and practice of hundreds of managers, with beneficial effects for similar numbers of organisations. His example is one to inspire any management scholar.

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