

Change has Changed!

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Change has always been a part of business. But has it always been the same kind of change? Looking back to the 1980's, it seems that every once in a while we had to deal with something changing. Today it seems like the change is constant. We are constantly managing through changes, adapting what we do, how we do it, and who we do it for. There is no opportunity to settle into a comfortable routine. Today, success comes in large measure from our ability to handle change.

Some change is predictable. It may present us with challenges, but we know what to expect. Since 1965 we've been able to count on Moore's Law to predict silicon technology's progress. But sometime that steady progress can have a sudden impact. The progress in digital imaging can be mapped as pixels per dollar and looks much like Moore's Law, with constant and predictable progress. But at some point the cost of electronic imaging made it an attractive alternative to chemical imaging. Long established businesses were suddenly in duress and people's careers and livelihoods were at risk. Sure, this has happened before. History is full of technologies that wiped out incumbents. But the pace has never been like it is today. Change has changed.

When I first started in engineering, over 30 years ago, the dramatic change in my organization was that we went from a hierarchical management structure to a matrix. It was a 2 dimensional matrix. The services groups such as design engineering, organized by skills, were in one dimension. The business groups, organized by product types, were in the second dimension. This caused some short term confusion, but in the end we all became accustomed to it and understood how to work within the matrix. (Hint, the power lies with whoever controls the sources of funding). I don't know if anyone even bothers to call an organization a matrix anymore. Today it seems that projects and teams are organized on an ad hoc basis, and if there is a matrix, I don't think anyone would want to try to figure out how many dimensions it has.

Beyond the way organizations are structured, the very existence of organizations has become fleeting. I spent many years in the research division of a large company. It was great – we did interesting work, accomplished great things, and were part of establishing a foundation that many successful businesses still depend on. But around 1990, as the Cold War was coming to an end, people started to realize that these research activities were expensive. Spending could be reduced and profitability could be boosted by first curtailing and then closing these operations. After all, the long term view had become 24 months. There was even talk of self-sustaining research organizations, though this is a very challenging proposition.

At the time, I marveled at the lucky group of scientists and engineers that started their careers shortly after the Second World War. They made it all the way to retirement before my research division was shut down. I found other interesting work to do when the division shut down, first within the same company and then elsewhere. Perhaps it was the best thing for me. Otherwise, who knows, I might still

be stagnating in the same place. I'm not sure this change was the best thing for the world, but for me it worked out quite well.

Not long after the cold war ended, we experienced the internet boom. That caused plenty of change. As the internet reached across the world, and cold war era trade barriers disappeared, we found ourselves in a global market. That was a change! Yes, we had opportunities to sell our goods and services around the world. But so did everyone else. And many businesses found advantages in off-shoring. Many tasks can be easily done almost anywhere on the planet. So should my children become plumbers so they can have dependable work to do where they live? Or will the pace of change slow down as we reach a new equilibrium? I'm not sure, but for now we are stuck with a breakneck pace of change.

In February of 2011 Stephen Elop, the new CEO of Nokia, famously wrote a memo about being a man jumping from a burning oil platform as an allegory for Nokia's situation. (The full text of the memo can still be found on the Financial Times website – ft.com.) Nokia had been the envy of the mobile handset world with a commanding market share and the seeming ability to do everything right. But suddenly all their fundamentals were being questioned. Apple Computer had shown the world its vision of what a mobile device could be when it released the first iPhone in June of 2007. Apple built a successful ecosystem around the iPhone and iPod, and later on the iPad. It wasn't that Apple had developed a new technology that Nokia did not have. Apple simply figured out how to use the same basic technologies to do something people valued much more. For a while Research in Motion, maker of Blackberry devices, seemed to be on the winning side of the same revolution. They had devices that were highly sought after, a unique infrastructure, and introduced many of the features that made Apple's devices attractive. But they too are now suffering declining product sales. This is the nature of capitalism. Companies are rewarded for innovation, and it comes at the expense of others. But I don't recall the pace of change ever being so rapid.

Some people embrace change, some fight it. The status quo feels comfortable, until its underpinnings collapse. Situations can force change on us, much as what happened to Nokia. Fighting change when the status quo is bound to fail is pointless. When I started out in the 1970's I noticed much less change, and the change I saw looked like fine-tuning. And some people actively avoided or even fought that change. Today change is more frequent, more dramatic and more fundamental. Successful businesses anticipate the impact of their environment and adapt. If they fail to anticipate, they must react quickly. I see far fewer people fighting change today. Are we all accustomed to it because it's our constant companion, or are we all so traumatized we barely notice anymore?

I briefly worked for an executive whose mantra was "change is good." That was one of the factors that made me realize I did not want to work in his organization. Change is important, but it can be good or bad or pointless. We must adapt to our circumstances. We must react to what happens to us and around us. We must always be ready to change. But this executive decided to change a bunch of things for no particular reason other than that "change is good." There is plenty of change in our professional lives already. Let's focus on the change we must address, and not add more for its own sake!

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