

WHY MANAGERS  
SHOULD

# SEE RED

MORE OFTEN

*Managing transformation properly is one of the most arduous tasks of all for managers. Fortunately, in the development of organisations, there are colour codes that can help to choose the best courses for action in everyday business. Karin Maria Schertler explains how the colour theory of transformation works.*

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## KNOWLEDGE IS THE MAIN TOOL IN THE BLUE TOOLBOX.

We can all probably agree that management in the VUCA age is an arduous task. So it's always very tempting to reach eagerly for the latest "hammer" – by which I mean the latest management methods – in the naive assumption that every problem is a nail. And because managers are taking less and less time out to reflect, they end up morphing into whirling dervishes – in the equally naive hope that this will help them reach the finish line more quickly. To avoid falling into this kind of trap, the simple fact is that it's far more important to have a number of practical, easily applicable differentiation tools at hand. So if you are interested in making the most of your time and energy, you would be well advised to learn the difference between "blue" and "red". Say hello to transformation colour theory...

### NEW THEORY OF COLOURS

Colours have always provided useful guidance. Red and green traffic lights are used to regulate far more than just road traffic. Some companies have actually laid claim to a colour in order to burn them into consumers' memories – those of you in Germany will undoubtedly be familiar with Deutsche Telekom's magenta and NIVEA's blue. And in organisational development, there are also colour codes that help to differentiate starting situations to determine the most suitable and effective course of action.

We have systems theorist Gerhard Wohland to thank for the notion of categorising scenarios according to blue and red. He used this approach to describe two different problem categories between which it is becoming more and more important to differentiate in the VUCA and transformation age. After all, the world does not consist solely of nails to be hammered.

Blue stands for the world as we know it. This label is home to everything that has a linear causality: Action A leads to Result B – every single time. Blue challenges are relatively stable yet still quite complicated – imagine a broken clockwork mechanism, a technical problem or an impending tax audit.

By contrast, red stands for anything that is highly dynamic and complex. In the red world, there are no foreseeable causalities, meaning that Action A sometimes leads to Result B, but at other times to Result C or Result D. Red problems can also change continually. Anyone who has had to deal with a disgruntled client or been involved in the rollout of a transformation project will know what I mean by that.

### HAMMERS AND SCREWDRIVERS

As well as defining different starting scenarios or problems, the two colours are used to differentiate the tool that is best equipped to deal with these scenarios.

Very few of us would attempt to use a hammer to tighten a loose screw. However, in 2019, there are plenty of managers tackling red problems with blue tools. This is why so many transformation projects hit a wall, producing nothing but suboptimal results and endless frustration. The opposite is also increasingly true – managers addressing blue problems equipped with red tools ("Let's make it agile!") and then wondering why the alleged "new work" panacea has no discernible effect other than choking efficiency.

### THE DIFFERENCE BETWEEN ABILITY AND KNOWLEDGE

Knowledge is the main tool in the blue toolbox. Without in-depth knowledge, it is not possible to repair a clockwork mechanism, solve a technical problem or conduct a tax audit. Managers analyse situations and draw on established expertise. Solutions are channelled into processes, checklists, sets of rules and handbooks. Project plans and stable structures and hierarchies all call for efficiency. The central question is: how? In such cases, the expert is the undisputed king and knowledge makes all the difference.

By contrast, the red tools are mainly about ability, a mixture of creativity, intuition (a good feel for the situation), talent and strong dialogue skills. This is what is needed when new, previously unimagined quantum leap solutions present themselves in a highly dynamic context. Here, rather than standardised processes, agile methods are the order of the day: trial and observation in repetitive cycles. Principles take effect instead of rules – in other words, mindsets that reveal themselves. After all, you can't solve these one-off problems by simply referring to a handbook.

Rigid hierarchical models are stretched to their limits and replaced by more agile decision-making systems and organisational designs. Leadership stems from social legitimation in the form of allegiance – a leader is someone other people want to follow. Decisions are made and resulting actions taken in the full awareness that there is no knowing what the exact outcome will be. The central question is: who has the best skills for dealing with this? And so the interdisciplinary hands-on team is crowned king, the human element making all the difference.

## BY CONTRAST, THE RED TOOLS ARE MAINLY ABOUT ABILITY, A MIXTURE OF CREATIVITY, INTUITION (A GOOD FEEL FOR THE SITUATION), TALENT AND STRONG DIALOGUE SKILLS.

### FATAL MISTAKES AND THEIR CONSEQUENCES

In most cases, reality is far more complex than theory. There are many situations consisting of both blue and red elements, such as the global rollout of a powerful standard software in a client's business. A sophisticated consulting project that, on the one hand, calls for extensive standardised specialist knowledge (blue problem) and, in interactions with the client, has a highly dynamic blend of reactance, power plays, personal sensitivities and interdependencies with other transformation projects on its agenda at the same time (red problem).

In constellations such as these, it becomes all the more important to differentiate with great precision and to deploy your blue and red tools where they are needed. If, owing to ignorance or carelessness, managers mix up blue and red tools, the scenarios are predictable. For the blue part, this will lead to a mediocre solution because everyone gets their say, regardless of expertise, and extroverts who love the sound of their own voice are rarely the real experts. At the same time, there is growing frustration at all the time and energy being lost through unnecessary discussions about the "right" solution when a "good practice" model already exists. Meanwhile, the red part of the challenge proves too hot to handle for the implementation team because they are attempting to manage complex dynamics by means of planning, rigid rules and standard processes – a recipe for disaster if there ever was one.

### A CASE IN POINT

To see transformation colour theory at work, we need look no further than Allsafe, a Baden-Württemberg manufacturer of load restraint systems for trucks and aeroplanes. More than ten years ago, Detlef Lohmann – managing partner of this medium-sized company – began his highly systematic and successful efforts to rid the company of mechanisms that were getting in the way of value creation. While developing the ideal organisational set-up for the company, he resisted the temptation to lump everything in together, choosing instead to observe how things worked, analyse the respective context and fine-tune the organisational structure accordingly.

This can be illustrated by two specific examples: the organisational design of the primarily "red" sales process is now very much geared towards networked thinking and the principle

of self-organisation. There is no sales manager and the annual targets are defined by the team itself. By contrast, Allsafe's production process contains far more "blue" aspects. Logically, this means that the company's production organisation uses clearer structures and more hierarchical elements and opts for a lower degree of self-organisation (even though this too is far higher than in some hidebound organisations – at Allsafe, for example, the production workers plan their own shifts). In addition, great importance is attributed to systematic knowledge-building by means of a skills matrix in order to ensure a high degree of flexibility in production.

To sum up, each area has found its own ideal set-up, with both solutions working away equally and side by side. The success of this approach speaks for itself – the company has already won no fewer than four top employer awards and its profits are reaching new heights every year.

### FAREWELL, ARISTOTLE

We are living in an age in which the world's red elements are increasing significantly. At the same time, however, the blue elements are not going to disappear overnight. This means that the ability to differentiate between red and blue value creation domains is a key basic skill that challenges us to become, so to speak, "bilingual" and to oscillate between blue and red courses of action as required – always bearing in mind that blue tools are not automatically bad choices and red ones are not necessarily good choices. In other words, screwdrivers are not intrinsically better than hammers.

Transformation colour theory teaches us that we should jettison Aristotle's "either/or" logic in favour of a "best of both" approach. This is an outlook that will also prove its worth in many other life situations. There really is no time to lose – so what are we waiting for?