

Arthur  
Andersen



**2020: Creating Our Caribbean Future**



*The power to enable Change*

Arthur Andersen Business Consulting

The '2020: Creating our Caribbean Future' initiative  
is dedicated to the memory of Wendel Girigori

'Never doubt that a small group of thoughtful,  
committed people can change the world.  
Indeed, it is the only thing that ever has.'

**2020:**  

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**Creating Our Caribbean Future**

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# 1. Introduction

In this publication we are proud to present to you our view on the Caribbean Future and how to enable the changes that are needed to create this future. Not only because it is the result of many hours of hard work. But mostly because it is a joint effort of a group of people from a wide variety of companies and professions, with an even greater variety of opinions and views on '2020: Creating Our Caribbean Future'.

As Arthur Andersen we strongly believe in the notion that the future lies in your own hands and that you can create your own future. With this in mind we launched the '2020: Creating Our Caribbean Future' initiative in January 1997. Its main goal was, and still is, to create an awareness of the possibility to create, or at the least actively influence, your own future. The believe that it is possible to create your own future, starts with the assumption that if you envision what you want the future to be like, you are already well on your way to realize it.

## *Vision*

Creating your own future therefore begins and ends with a clear vision of the future and your place in it. Our common desires have to be determined and subsequently we have to 'discover' how we can together make this desired future happen. In order to do this Arthur Andersen organized several workshops, seminars and meetings.

The first seminar was held on March 3rd on the subject of Change Drivers. Representatives from both the public and private sector discussed the need for change that they encountered in their companies. Special attention was given to IT and Globalization, the two main Change Drivers that were identified during the seminar.

The second meeting focused on the Government of the Future. Keynote speakers were the Lt. Governor of Sint Maarten, Mr. Dennis Richardson and the Honorable Mrs. Ruth Richardson, former Minister of Finance of New Zealand. The meeting was concluded with four workshops, where



participants could learn more about different aspects of government in the future.

The contents of both seminars were separately published. The third subject that is addressed in the '2020' initiative is that of the School of the Future. In April an Antillean delegation of people working in the educational field attended the international seminar 'Learning for the 21st Century', held in Arthur Andersen's education center in St. Charles. Next we focussed on the Caribbean in the future, the neighborhood of the future, the house of the future and working & living in the future. Together with our views on the school of the future, they are the input for a discussion about our desired future state. These views were previously published as a 'Living & Working in the Future' position paper.

*From the present to the future state*

With the contents of the seminars and the position paper we started to paint a picture of the necessity to change and the direction in which we would like to change. The foundations for the creation of the future were put in place. Which brings us to perhaps the most important question so far: 'How do we get from our present state to our desired future state?'. To answer that last question we developed a 'Caribbean Change Enablement' model.

In this booklet our views on Living & Working in the Future are published to provide the 'food for thought' about our desired future state and thus form the context for the presentation of the Caribbean Change Enablement model. The Caribbean Change Enablement model combines worldwide experience and knowledge with local case studies. The Change Enablement model is presented in clear steps and explanations. Throughout, the theory is compared to local practices.

We hope you will find reading about our experiences from the first year of 'Creating Our Caribbean Future' initiative worthwhile and that you will learn as much of it as we did.

Furthermore, on our journey to the future we hope to be able to exchange ideas with you on a lot more occasions.

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# Part One

## *2020: Living & Working in the Future*

*'Views on the future of small multi-cultural island societies'*



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## 2. Introduction to Living & Working in the Future

*'The statue is already in there,  
I only have to shape it'*

The message of the initiative '2020: Creating our Caribbean Future' is that you can have the future in your own hands as long as you have a clear vision about that future and your place in it. The famous artist Michelangelo once said, referring to a stone: 'the statue is already in there, I only have to shape it'. Meaning that if you have a vision about what you want, the only thing you have to do is shape it.

In the position paper you have in front we try to make a beginning with shaping our Future. The paper deals with different aspects of working and living and 'every-day-life' in the future. To name a few: What will the working day be like in the future? Will we be working more at home? How do technological developments influence working?

Another question is how we will be spending our leisure time. Will we spend more time with our neighbors, abroad or at home? Will we really have a greater mobility in the future?

In the next six chapters the following issues are discussed:

- The Caribbean in the future
- The Neighborhood of the future
- The School of the future
- The House of the future
- Working in the future
- Living in the future

When we discuss these and other topics about the future, we can come up with a lot of scenarios. But one thing is for sure, with a shared vision we can have our future in our own hands. So let's make the best of it!





## 3. The Caribbean in the Future

In 2020 all Caribbean islands will have one main unique function<sup>1</sup> which will be supported by other functions. Some islands will have more than one main function. For example Curaçao and Cuba.

The Caribbean islands will have economic ties with the rest of the world, but also historical ties with former mother countries. The Caribbean will also have ties with the rest of the world through the many individuals who once lived on the islands and have chosen to continue their lives somewhere else in the world. This means that the Caribbean will export its people and its culture. The summer carnival in Europe (Rotterdam) will be world famous. Caribbean baseball players will be famous in the major leagues.

Visiting the Caribbean will be a combination of several activities. Business people will join their families and friends for a vacation on another island after a business trip.

### 3.1 Tourist islands

*Climate, beaches, friendly people*

The Caribbean will always be known for its superb climate, nice beaches and friendly people and a unique blend of cultures. This will be an invitation to the rest of the world to visit the island for vacation. All the tourist islands will have a unique product or combination of products like:

- Diving
- Resorts
- History
- Partying
- Adventure
- Shopping
- Nature
- Health



This will make it interesting for tourists to visit several islands on one trip. For example combining the resorts of Aruba with the history of Curaçao. Tourists will visit the islands, arriving by airplane or cruise ship or a combination of the two. This will be possible among other things due to the increase of leisure time and the better accessibility of the Caribbean due to the generally accepted open sky policy.

#### *Resorts*

The nice resorts on the sandy beaches with all the facilities will be a perfect place to relax during a vacation.

#### *Shopping*

So many people visiting the islands, makes them perfect places to present new products. Traditionally the Caribbean islands have always been a shopping paradise for tourists. This will become more important as more tourists choose the Caribbean as their holidays destination.

#### *History*

The Caribbean has a unique history. This history is reflected in the architecture of the islands and also in the food, music, dance and languages.

#### *Partying*

The food, music and dance are ingredients that make for the greatest parties in the world: Carnival, Salsa festival, Merengue festival.

#### *Nature*

Because of the impressive natural beauty of the islands, people will choose the Caribbean as their destination to re-establish contact with nature and to recharge their batteries.

#### *Adventure*

The varied natural scenery of the Caribbean mountains, sea and rivers offers ample opportunity for great adventures.

### *Diving*

The beauty of the underwater world will be a global attraction. Diving will grow world wide as it becomes accepted as an effective way to reduce stress as one floats weightlessly in the quiet underwater world.

### *Health*

Because of all these benefits the Caribbean will be the perfect spot to recover from all kinds of diseases, especially those that are stress related.

Not only will more people visit the islands, but they will also be increasingly interested to live on the islands temporarily or permanently.

## **3.2 Logistic islands**

### *Airports, seaports, cruise terminals*

All the islands will have the basic logistics. For example, the tourist islands will have airports and seaports or cruise terminals. Some islands will have logistics as their main function. They will be crucial in the distribution of goods in the Americas, between the American continent and Europe and the Pacific region through the Panama canal.

Well-developed airports and seaports will characterize these islands. Around these facilities there will be storage places and office space (trade centers) for people all over the globe to do business.

In connection with the harbour and the airport there will be large facilities and office space where production and packing take place and shipping is handled.

## **3.3 Industrial islands**

The Caribbean islands will not be known for their industrial activities. This is due to the scarcity of raw materials and the absence of a substantial home market and the danger of damaging the beaches and other aspects of the environment, crucial for other functions. In 2020 there will be no refinery for example in Curaçao. The Schottegat will be a unique spot in the Caribbean, combining a highly efficient seaport with tourist resorts.

### **3.4 Agricultural islands**

Agriculture and fishing will be a successful business in the Caribbean in 2020. This is made possible by scientific progress in these areas and in shipping. This sector will produce for three markets: the local market for the local food supply, the hotels and export. There will be an increased demand for Caribbean agricultural products as more and more Caribbean emigrants introduce their culture in their new environment.

### **3.5 Service islands**

Because of the nice living conditions professionals (e.g. lawyers, bankers and consultants) and creative people (e.g. artists, movie stars and sculptors) will establish themselves on the islands and provide their services from there. When necessary they will fly to other countries to attend meetings and see their clients.

### **3.6 Supporting functions**

All islands will have some basic provisions to support the main function. These basic provisions are:

- Government
- Transport and telecommunication
- Utilities

### **3.7 Government**

In this chapter we will only explore the role of the government as the authority responsible for zonification and environmental issues.

Local communities will be dominant in the zonification policy. The vision on how these are structured will be described in the chapter on 'neighborhood'.

The islands will be places for working and living. To increase the quality of life and productivity the islands should be well structured.

The unique nature of these islands is and will be the main attraction for locals and visitors to the islands. Nature will be protected on the islands c.q. given priority. There will be natural parks, also underwater, which will be supported by international organizations.

Conservation of the environment will be priority number one. The crime rate on the Caribbean islands will be low because of the quality of life and the attention paid to crime prevention. The same will be the case with health care. Education will be a key factor in achieving these objectives.

### **3.8 Transport and communications**

All islands need to be able to connect with the rest of the globe. Therefore they all need:

- Sea ports
- Airports
- Telecommunication infrastructure
- Utilities
- Local public transportation

Telecommunication will be state of the art. This will be the key enabler that makes time and place irrelevant. This technology will make it possible for professionals to live on the islands and serve their clients around the globe, for grandparents to live on the islands and communicate with their grandchildren, for business people to stay in contact with their organizations.

Telecommunication will be very cheap. Telephones will be directly connected to satellites.

The importance of local public transportation will decrease. As people will increasingly work at home and can do his shopping via the computer, the need for transportation will decrease. People will transport themselves for recreation and to meet friends.

The usage of water and electricity will be more efficient. Alternative forms of production and recycling will become common in the house of the future.

### **3.9 This scenario has a dark side**

#### *Lack of focus and geographical location*

It is possible that some islands will not concentrate on a main function; this will result in lack of focus. But even if the islands do specialize, they may still fall victim to the growing world demand for drugs, because of their geographical location (close to the production centres on the Latin American continent). The very infrastructure necessary for upgrading the logistics and to support the main functions of the islands, will be an excellent medium for the transshipment of drugs. This will increase the availability of drugs on the islands, which will facilitate the local use of drugs with all the negative consequences for the social, economic and cultural development of these islands.

1. 'Function': With 'function' is not only meant economic activities, but everything man does to shape his living conditions, whether these activities are purely economic or cultural, recreational and/or service oriented, educational or inspired by health considerations.





## 4. The Neighborhood of the Future

*The need for social interaction*

There is no doubt about it: 'Homo Caribensis' will always prefer to live in the 'barrios' (neighborhoods). This is due to the typically Caribbean nature: the need for social interaction. We can see ourselves sitting on the porch, greeting passers-by and chatting with the neighbor at the fence.

The question is: What will the Caribbean neighborhood in the future be like? In this respect it is very important to take external factors into consideration. The trend to go global is such a factor.

*Community centers will play an important role*

The proposition is that globalization will be of substantial influence on the neighborhood in the future. World leaders, cultures and countries will be growing towards each other. As a consequence of this, decisions on a more global level will influence the different Caribbean countries. Nevertheless, it will still be of importance to listen to 'the voice' of the people of the different Caribbean islands. Here there is an important role for the neighborhood in the future. Community centers will adapt and pass on decisions taken at a regional and global level to the inhabitants of the neighborhoods. Given the relatively easy accessibility of information due to technological developments, this will be easy.

As mentioned before, in the future community centers will play a very important role in the development of the neighborhood. These centers will act as the central 'voice' of the community. These centers will consist of representatives of the neighborhood and a representative of the island Government. As such there will be a direct link between the governmental issues and the consequences for the neighborhood and vice versa.

The community centers will be very independent in deciding on certain issues. This is based on the current vision of the island Government to stick to its core tasks. But here the development goes further. Certain decisions regarding the island Government's core tasks will be taken at neighborhood level. The community centers will make decisions on issues directly



regarding the neighborhood. An example of this could be the employment level in the community. Via a database, information about the employment of the inhabitants and their education will be available. As such it will be possible to fine-tune the island Government's policy to economic growth with the working force in the neighborhood.

The island Government will govern in a more regional fashion. For example, Caribbean issues that are important to the island, like associations with other Caribbean countries, will also be discussed at neighborhood level.

As said before, due to the need for social interaction, Caribbean man will always live in 'barios' (neighborhoods). This preference for 'neighborhood living' necessitates the planning of an infrastructure that takes this into consideration.

#### **4.1 Planning the infrastructure**

##### *'Bario' facilities*

The planning of the infrastructure will be of great importance in the future. Given the importance of the neighborhood in the future, the community centers, acting as a link between the people and the government, will contribute to a greater solidarity among the inhabitants in the neighborhoods. This sense of belonging together, of forming a unity with its own 'bario' identity, will make demands on the provision of infrastructure facilities that are specifically designed to meet the requirements of the 'bario'. As much as possible schools, shopping malls, day care centers, security, sporting facilities, medical care, churches, etc. must be planned - and executed - to fit the special needs of the neighborhood. It goes without saying that the neighborhood organization (council) must be consulted in all these matters

Of course economies of scale have to be taken into consideration. It makes no sense to have a hospital in each neighborhood. The hospital of the future will be a state-of-the-art center with a focus on patients who need acute treatment and care. The medical centers in the 'barios' and the physician practices will evolve into centers where ambulatory surgery will be possible due to the advancement in medical technology. However, this is something

that has to be dealt with in cooperation with the island Government and the medical practitioners.

## **4.2 Social interaction**

First of all the need for social interaction will grow in the future. As said before, this is a Caribbean characteristic. But in the future this need will grow. This is based on the fact that due to technological developments it will be possible to satisfy one's daily needs almost without having to leave the house. Shopping will take place via Internet and, for certain jobs, work will for a great part take place at home. Consequently the need for social interaction will grow.

Here again the community centers will be playing a role of great importance. They will cater to the need for social interaction of the inhabitants by offering more social meeting places, by reviving the 'neighborhood plaza' concept. Outdoor entertainment will give added pleasure to social activities in the 'bario', made possible by the pleasant climate of the region.



## 5. The School of the Future

*The school of the future,  
tomorrow, today*

Today, we believe everyone needs an outstanding education. For the society of today and tomorrow, young people will need to be highly motivated risk takers competent in reading, writing and higher mathematics. They will need expert analytic and reasoning skills. To excel, they should be multilingual, cross-culturally literate, technology adept, and flexible enough for multiple career changes. In a society where lifelong learning is an essential part of future success, learning how to learn will be a critical component of what education should be.

It's a tall order, but the school of the future will need to provide this kind of learning experience if our children are going to realize their individual potentials in a complicated and demanding global community.

### 5.1 A New Day

Maria, arriving early, is anxious to begin to work on a project she's been thinking about all week. With her partner, John, she will design, build and test a model of an electric car. She and John will also develop a prototype of the manufacturing process that could be used to mass produce the car. One of her tasks in the project is to engineer the robotics needed for such a production process. They also will need to project the worldwide market acceptance of electric cars, estimate the economic feasibility of their production, and create a marketing campaign to 'sell' their car.

*Global communications™*

When she arrives at the Arthur Andersen Community Learning Center, John is already hard at work at the Global Communications™, which links the Learning Center to the outside world. John's father has joined him as together they use a computer-link to the Internet to research information on other electric cars already created. John's father has never had the chance to use the Internet, and his son shows him how to electronically access the library at the college he attended some years ago. Maria joins father and son and the team continues the current state and acceptance of electric cars.

### *The Biotech Hut™*

Michelle, Anette and Vince are further along in their latest project. Working at the Biotech Hut™ the growth and health of their eight-week old tomato plants is being recorded as part of their research on local air quality. How pollution affects plants and wildlife is the research goal of this effort. Having checked their plants, they go to the Collaboration Cove™ to brainstorm ideas for the multimedia presentation they plan to give to the city council on the environmental impact of local pollution. As ideas are brain-stormed they are recorded electronically on a large screen, where the entire team can share them. Later, ideas and information will be reorganized and edited until a clear and compelling production is planned and ready to produce in final form.

### *The Collaboration Cove™*

One of their facilitators, Mr. Hernandez, joins them in the cove and mentions that the local cable company has learned of their project and would like to air their presentation on the local channel. The team beams with excitement and pride.

Ben and Jose have been hard at work for more than a week on the design of a bridge. They have been testing various physical structures and designs to determine if they can create a new breakthrough in bridge design for seismically active areas. With the assistance of their facilitator, Mrs. Wong, the design is complete and the team is now building a model, with first soft wood and then hardwood. With these models they will be able to test the strength inherent in each design, determine the 'failure' spots and decide which will work best for this bridge. Ms. Wong poses questions: What was the process they used to determine the best design? What assumptions did they use to calculate the overall strength? Is the bridge economically feasible? What other materials would they recommend using? What would they estimate the strength and failure rate to be using the other materials? What new math and physics concepts did they learn in this effort? Their final report will need to include thoughts on these, and other, larger community issues.

Is this day in the life of these young people some distant vision of the School of the Future? Not at all. In the city of Alameda, just across the Bay from San Francisco, the School District, members of the community and Arthur Andersen have been partnering to create an exciting vision of what learning in our schools will look like in the 21st Century.

Now, the Arthur Andersen Community Learning Center creates a dynamic learning environment that does much to achieve this vision. It provides an environment where both students and teachers are learners. Working together, as teams, they explore our changing world, mastering both the latest technology and traditional skills in math, science, reading and writing. No school bells ring to signal class changes. Projects move forward until everything that can be learned, has been learned, with a view toward applying these lessons in real life. Ahead lies college, career, community service and success. Tomorrow's school today.

## **5.2 The Arthur Andersen Community Learning Center How it Works**

Consider the traditional high school. Small boxy rooms with rows of straight chairs, bells ringing in the background every hour to signal a mad rush to the next period class. Each teacher focusing on one subject, while trying to provide support and attention for a class of 25 to 35 young people. Too often, books are in short supply or outdated, and technology is stuck on version one in a version six world.

The Center abandons this model entirely. The room is large (about 10,000 square feet, the size of several typical classrooms) but flexible, more a plaza or town square than a room with walls.

As many as 150 full-time learners are gathered about the room in small learning hubs. The new role of the teacher, now a facilitator of learning, is to listen carefully, to nurture and to challenge students while engaging them in learning activities which build one upon the other.

Students come together in small learning groups according to need and interest. Everywhere students and facilitators are building, planning, testing,

organizing, debating, conferring, presenting and celebrating the act of learning. No longer bound by a 50-minute class period, learners can focus on projects from start to finish, applying basic skills to real-world experience.

#### *Up-to-date technology*

In The Center learning continues until all are satisfied and the projects are complete. The latest technological tools are here, giving learners a chance to gain hands-on experience with up-to-date technology that is changing the world in which we live.

The technology is networked to the outside world so that learners have access to information wherever it is, from world-wide experts and community members alike. The flow of information is never ending.

Well prepared for the challenges ahead, there is enthusiasm and understanding of the need for community service and involvement, along with fewer surprises in college, and later, in the world of work.

Because The Center is truly a community resource, learning doesn't stop when the school day is over. After school, evening and summer programs are popular. Parents, teachers, students and other community residents are all found using The Center.

### **5.3 The Arthur Andersen Community Learning Center A Community of learners**

#### *A vision of the future*

The Arthur Andersen Community learning Center is a vision for the future that is available today. It uses ideas and tools that are common in business, the arts and community. Most of all, it requires – even demands – that students take a leading role in their own education.

The Center offers a new-look school which can not only change with the times... but prepares students to be well equipped to change the times in which they live.







## 6. The House of the Future

### 6.1 Basic Assumptions

The assumptions on which we base the description of the house of the future are:

#### **Flexibility, efficiency and ecology will become key characteristics**

*Time spent at home will increase*

Homes will have to adapt to the increasing importance of environmental issues, the changing demographic characteristics of the 'family' and the different functions a house will have to fulfill. The ways a house will be used and the time spent at home will increase. Not only because the possibilities of working and studying at home will increase, but also because entertainment will mostly take place in and around the house. Both developments will create new needs in the areas of health, comfort and saving energy.

#### **People will become more homebound**

*You can live wherever you want*

Although there will be an increase in mobility in the near future, it will become less of an issue in the long run. Right now 'globalization' means that people often move to where the opportunities are. Several developments will make this no longer necessary in the future: you will be able to meet face to face or take a look at something through the picture phone and discuss matters using advanced video conferencing techniques. And even if you do want to personally visit someone in Holland, you could probably be back by dinner-time. This development will make the location of your home less important in terms of proximity to work, relatives and facilities. This means that the selection of the site of your house will be based on a whole new set of criteria and the area or country where you will be living can basically be 'wherever you want'.

*Technology will become just another tool*

## 6.2 The role of technology

Although technology will have an impact on the functions of the house of the future, by then it will have become just another tool. But before it becomes that tool, it will change the way we live.

The Internet will make movies and music available whenever you want, and will make going to the video or music store unnecessary. Which means the entertainment function of the house will get more emphasis. But perhaps the biggest impact on our style of living, and therefore on the functions of the house, will be the increasing possibilities to work from home. These possibilities will give rise to new and different demands on the house of the future.

In terms of computer technology all you'll see is the device, which will be touch, voice or handwriting activated. Instead of having one –expensive- (computer) device, houses will have several smaller devices, with different functions. For instance one to work on in the living room and one for the porch; one for communications and entertainment and one for recipes in the kitchen. And in the hallway: climate and security control. Climate and security control will be part of a 'home management' device, which will adjust itself to your habits, in terms of lighting, temperature, security etc. We can even expect to see a combination fridge/oven, and how about not having just one big refrigerator in the kitchen, but several small ones all over the house?

## 6.3 The house

Homes will have to be adapted to the needs of the dwellers. On the one hand, there will be fewer families that will be less traditional. There will for instance be more 'childless' families of one or two people. There will also be an increase in possibilities for gays, lesbians and single people to have children and form non-traditional families. These developments will have an impact on the variety and number of houses that will be needed and the functions that they need to fulfill.

Houses will become less standardized and more custom made. But even once you've bought and built your house you will be able to 'change it around'. Rooms and houses will become multi-functional.

Working at home will make new demands on comfort, safety and communication aspects. Instead of attaching new 'working areas' to houses, existing areas like for example the family room will become multi-functional.

*Functionality becomes an important feature*

Except for just being more functional, houses will also become more efficient. An increasing number of people per household will be working or studying, which will leave less time to take care of the house. People will decide that the functionality of for instance a bathroom will be more important than its size.

The increasing efforts of mankind to balance human and ecological needs, will also lead to a more efficient use of space and resources. Which will heavily influence building styles and materials. Houses will be smaller and built with (partially) artificial materials. On the other hand one can imagine that, especially in rural areas, alternative building techniques will be used to blend the house in with nature.

The border between owning and renting a house will become very vague as there will be more and more options to lease a house, buy it in instalments, or obtain it through any of the growing number of hire-purchase and credit systems.

## 6.4 The garden



Gardens will be low maintenance and high tech. Technology will ensure that not one drop of water will be wasted in watering the plants, which will probably be planted in artificial soil. The developments in recycling possibilities will result in the use of rainwater collection units and dual water supplies: one for drinking and one for reclaimed water.

Another, and much used, way to save water and energy in the garden will be to use native plants in the landscaping.

Gardens can still be 'personal' -belonging to one house- but more and more we will see a group of houses, or community, that is situated in a park-like area that functions as a garden and playground for the inhabitants. The community can consist of relatives, traditional families, non-traditional families, or a combination thereof.







# 7. Working in the future

## *A time for exploration*

### 7.1 An evening in 2020

*It is an evening in 2020 when my children, now in their early twenties, bring around some friends. The jobs they have did not exist when I was in my early twenties. Jobnames like 'knowledge engineer', 'click-stream analyst', 'assurance auditor' were new then. On the other hand there are some friends that just travel the world, working here and there in easy routine-like jobs. The atmosphere among the friends is very positive. Everyone respects each position. This is so because they all understand that their current position or lifestyle is only temporary. The twenties is a time of exploration. Careers do not matter, a lifetime of learning matters. Money does matter, but money can be earned if you want it badly enough and if you set your mind and will to it. The children and their friends are more caring for each other than I was at their age. They are less bound to their jobs than I was, but often put much more energy into the actual work than I did. In their case it is loyalty to the (achievements in their) work instead of loyalty to the boss or company. I feel confident that they are able to make their lives worthwhile. I realize that over the years a lot has changed.*

- Being someone is more important than having a 'job'
- Switching horizontally is more important than switching vertically
- Bosses have become coaches
- Leaders are naturally selected for shaping and sharing feasible ideas
- Leaders exist throughout a company
- Labor really is flexible nowadays
- The gap between living & working has been bridged significantly



## 7.2 Remembering the past

*In the 90's we were in transformation*

Looking back from 2020 to the nineties remind me of the changes that took place very rapidly. In the nineties we were in transformation. Labor unions were begging for the support of their members when they called a strike. In the seventies the whole country would be down when a union leader called a strike. Governments reinvented their function in society and the business community had to deal with the globalization issue/opportunity. Market barriers broke down and the whole world could be reached via the amazing Internet connections on your private phonenumber. A simple wire connected people. Within Arthur Andersen we all carried 'heavy' 5-kilo portable computers with lots of CD ROMS, supplying us with the knowledge that we offered our clients. On one of these CD ROMS, called the 'Global Best Practices Knowledge Space', I selected four 'emerging issues'. We had a category 'emerging issues' if we knew the topic was important but we couldn't place it yet in the right 'box'. On the following pages I will give you a description of 'Knowledge Management', 'Electronic Commerce', 'Motivating & Retaining Employees' and 'Shared Services'. It gives an idea how we will work in the future – how we will organize our work situation.

### 7.2.1 Knowledge Management

*Using existing knowledge to create new knowledge*

It is now widely accepted that in some organizations, traditional tangible assets are far less valuable and predictive of an organization's health than such intangible assets as brand identity, reputation, stakeholder relationships and intellectual capital.

For example, most fund managers today go beyond cash flow and ratio analysis in evaluating organizations that they want to add to their portfolios. They look 'beneath the hood' at other indicators of corporate health and long-term viability. Increasingly, one key indicator is how the organization is nurturing, leveraging, and maximizing its intellectual capital, also known as intellectual assets, to make the business grow. Many commercial banks look like venture capitalists, altering the criteria for granting loans to 'knowledge-based businesses,' such as those in the high-tech or bioscience industries. Instead of scrutinizing these organizations for

## *Knowledge management*

financial soundness, these banks look at the intangible assets—their understanding of the marketplace, their ability to attract and retain key talent and their intellectual capital.

Increasingly, organizations are beginning to ask the simple questions: 'What do we know? What do we need to know? And where does this knowledge reside?' Knowledge management is the process by which an organization's intellectual assets -its knowledge of products, processes, customers, and markets- are used to create customer value and build competitive advantage. Several factors, including culture, leadership and technology, affect the ways in which an organization collects, shares, and manages knowledge to effectively create value. Organizations dedicated to managing intellectual assets may use different approaches, but they all recognize that leveraging knowledge -using existing knowledge to create new knowledge- makes good business sense. It often leads to:

- Faster innovation of new products or services
- Reduced duplication of efforts
- Savings in research and development costs
- Enhanced employee satisfaction

Nevertheless, effectively capturing and sharing organizational knowledge can be a daunting undertaking given the increasingly fragmented and globally dispersed workforce that characterizes many of today's organizations.

*Your wish is my command*

## 7.2.2 Electronic Commerce

Electronic commerce (EC) comprises all electronic interactions with customers, suppliers, distributors or other business partners, especially those interactions that are linked to a purchase or sale.

Examples of EC include:

- Interchange of financial transaction-related data between companies, traditionally known as electronic data interchange or EDI.
- On-line advertising and marketing, such as, for example, the typical corporate site in the Internet World Wide Web.
- Electronic catalogs, providing customers with lists of product offerings or detailed specifications of highly technical products.
- On-line product configuration, in which customers help companies create customized goods by providing data on their needs or preferences.
- On-line service and support, which often includes giving customers the ability to find solutions without human intervention.

EC is developing at an accelerating pace, with 1997 predicted as a breakthrough year. Forrester Research in Cambridge, Mass., predicts that on-line shopping will soar from \$518 million in 1996 to \$6.6 billion in 2000. This estimate includes only sales that are actually transacted on-line. When you add sales that are initiated on-line - through ads, E-mail or other types of communication - estimates reach \$117 billion by the year 2000, as forecast by International Data Corp. in Framingham, Mass.

### 7.2.3 Motivate & Retain Employees

Motivating workers means providing them with a stimulus to act, to work well for the good of the company. And retaining them means creating a desire in them to stay with the company. However, motivating and retaining are only parts of a continuum that starts with recruiting and selecting suitable people. The process continues in keeping their morale high as they engage in creating products or providing services for the company.

*Unplanned hiring*

The way mid-sized companies select and hire is often unplanned. Sometimes staffing the business can be the most challenging part of it. Usually when a position opens, someone must find and hire a candidate in addition to handling other responsibilities. Often there is a rush to fill the open position with anyone available. Yet, forethought and planning can lead to hiring employees who contribute positively to the company from the start and in the long run.

Ideally, well-selected workers who 'fit' a company will remain, adding positively to the team spirit. Their continued presence keeps staff turnover low. High turnover is a big hole in any company's pocket. Also when turnover is low, costs for recruiting and training stay low.

*Trust is essential*

What motivates employees to do their best? Money alone is not the key. When employees feel valued, it's easy for them to treat customers well. What's hard for them is to have to treat customers better than they themselves are treated. Research on successful companies indicates that what people want - in addition to fair pay - is to feel successful and to be appreciated for what they do. They want reasons to commit themselves to excel. Employees go into action when they are confident that their employer trusts their judgment, makes them part of the decision-making process, and gives them responsibilities and challenges equal to their skills. If motivation and retention are to be optimal, rewards - pay raises, benefits, and incentives - are important; but trust is essential.

#### 7.2.4 Shared Services

Shared services is the term that describes the consolidation and optimization of support processes in an organization. Shared services centers differ from traditional centralized operations in a number of ways:

- There is often more than one center.
- Locations are typically not at headquarters.
- Technology is leveraged to make up for increased distance from operating units.
- Operating units are often given a choice of whether to use the services.
- Centers typically operate on a fee-for-service basis.
- Centers have a line orientation rather than a headquarters or staff orientation.

The concept has been applied most widely for finance and accounting functions, such as accounts payable, payroll, accounts receivable, travel and entertainment expenses, general ledger, financial reporting and fixed asset accounting. However, shared services is becoming increasingly common for other functions such as purchasing, engineering, human resources and information technology. Shared services centers are sometimes referred to as 'centers of excellence.' Operating a shared services center on a fee-for-service basis is sometimes referred to as 'insourcing.'

### 7.3 Shaping Work in 2020

Remembering the 'emerging issues' gives us an idea of what will happen in the future when we think about how we will organize work. In the book, 'The Age Of Unreason', by Charles Handy, a description is given of how we will work in the future. In this chapter we will summarize his findings/insights. It will be up to us whether we will embrace the trends or ignore them. If we choose to ignore them we are sure that we will end up as a community with a lot of negative repressive energy. If we embrace the trends we are sure that we will grow and, although growing sometimes causes pain, we are also sure this will be better than having an ignorant life.

### 7.3.1 Professionals, Contractors, Temps

#### *Professionals*

Professionals are well-qualified people. They get most of their identity and purpose from their work. They are the organization and are likely to be both committed to it and dependent on it. They will work long and hard, but in return they want not only proper rewards in the present but some guarantee for their future. They think in terms of advancement, investing in the future. Professionals are not people to be ordered around. They want their names to be as well known as their roles. They want to be asked not told to do something. They see themselves as partners-entrepreneurs in the company and want to be seen as colleagues instead of subordinates. They expect vision from management and resources to implement their own new ideas instantly. Much of the employee's pay is based on the results of the company. This is so because no organization can/will any longer guarantee that this year's pay raise will be maintained next year.

#### *Contractors*

Professionals are still paid for their time in the organization, although their pay is partly result oriented. Contractors on the other hand are fully paid for results. This means that output has to be made specific. Companies can no longer afford time consuming people on their payroll that are not essential to their business. This gives a shift from controlling the input (people and the methods used) to controlling the specifications and on time delivery. Contracting is not new since it is used already a lot in construction, manufacturing and consumer goods. However, contracting will work in other industries as well. Fee for service is the key word and contract management the key element.

#### *Temps*

The temps (the flexible labor force) can be easily seen as the hired help division: people of whom little is expected and to whom little is given. In crude terms the labor market in which employers dip when they like for as little money as possible. This group has interests and concerns beyond the job. Their commitment will be to the job and to a social work group rather than to a career, or to the organization. Their work is very important to the success of the company. Their work must be relied upon although it is often routine and repetitive work. Investing in proper training and equipment is critical as well as investing in good social conditions within the group of flexible workers.

*The office as a place to meet*

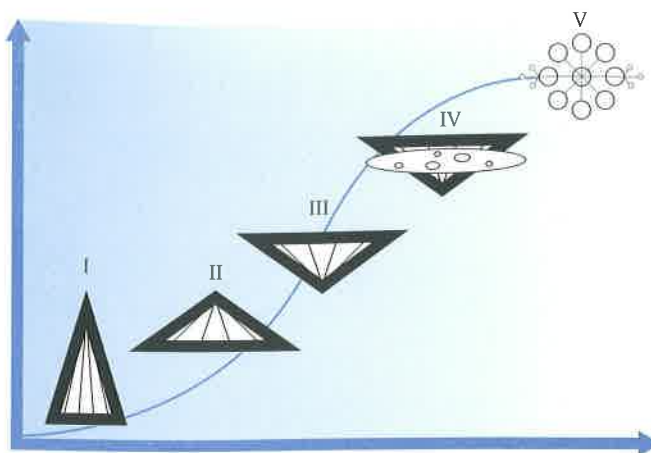
### 7.3.2 The Office (Club)

The office of the future will consist more and more of specialized rooms with expensive equipment and hi-tech meeting rooms. People will work more in their own environment or at client sites. The old division of duties between 'man' (work) and 'woman' (living) will disappear. Working and living will go hand in hand. Fixed opening times of the office will disappear since people know that they are rewarded for results. Offices will be accessible to their people 24 hours a day. The pantry and kitchen will play a more dominant role since people come in to meet, discuss or celebrate events (success and failure). The idea that in the information age there is no need to meet anymore is not true. The office will be more like a 'club' than a 'working place'. A club where not only the employees come but also the clients of the company and other 'stakeholders'.

*Networking*

### 7.3.3 The New Organization

Instead of the 'hark' ('rake'=traditional structure with 'deferred' responsibilities up the corporate ladder until the ultimate and final responsible person: the boss), we will see structures like little networks that are connected to each other and are capable of sharing knowledge between each other. The central organization has a strategic focus and will be responsible for appointing the right network chiefs at the right moment. A network chief is a person that has visionary skills that others recognize as examples to follow. Network chiefs are natural leaders. Leaders are people that shape and share a vision that gives a sense of direction and purpose to the work of others. The central organization has a clear role. It must grow and nurture leadership within the organization, based on a clear vision and strategic direction.



The new organization has evolved through time:

- Stage I the pyramid structure
- Stage II the flattened pyramid
- Stage III the inverted pyramid
- Stage IV the process-driven organization
- Stage V the network organizations

Different organizations are at different levels in this evolutionary pattern. These models are not mutually exclusive; each stage provides the foundation to the next one.

What is the next organizational model?





## 8. Living in the Future

*Living becomes a portfolio of activities*

As we saw in the earlier chapters, living and working will become much more integrated in the future. Our houses will become the center of our living, where we both engage in salaried jobs and in other activities. The times when you had a nine to five job and could then engage in leisure activities is long gone. We can now decide when and how we want to spend our time. We can choose to work a couple of hours, have some fun and then work another couple of hours. Living has become much more a portfolio of activities people can choose from. The portfolio consists of activities like salaried work, education, parenting, housekeeping, sports, hobbies and recreation. The life you lead is all about how you divide your time between all these activities.

In this chapter we will create a picture of living in the Caribbean in the year 2020. What changes will there be in the next twenty-three years? Or better said: What changes are you going to make happen to create a future you like for yourself and your children?

### 8.1 A shift in the portfolio

In this paper we define living as a portfolio of activities people are engaged in when leading their lives. Common activities in anyone's portfolio are working, eating, sleeping, education, recreation, housekeeping, parenting and so on. The life of a person is based on the activities in his portfolio and the time he spends engaging in one of these activities. Portfolios have undergone an important change in recent years. Not too long ago our parents had to work long hours for their wages, so they had little time left for the other activities in the portfolio. When they came home they had to engage in other kinds of work like housekeeping and parenting, leaving almost no time to engage in leisure activities. This has changed. In our days the 'working' hours both on the job and in the house have become shorter, creating time in the portfolio to engage in other activities.

Because salaried work is also becoming increasingly effective and efficient, we are expected to work fewer hours and for a shorter period of time in the near future. And because we all get older we will have more time for other activities in the future.

Besides the creation of more leisure time, the labour market will become much more flexible. People can have a job one day and lose it the next day. They will have to become more independent from their employer and seek other forms to support themselves and their families. Besides the salaried job they will need other activities in their portfolio that earn them some money.

In the Caribbean a lot of people already have other activities in their portfolios that support them financially. A trademark of the islands is the strong informal economy. Lots of people engage in other jobs besides the regular job, and provide all sorts of services for money. These informal jobs will increase in 2020.

## 8.2 Lifestyle

### *Health conscious*

In the future we will be very health conscious, aimed at leading a long and high quality life. Conventional cigarettes, drugs, red meat and alcohol will be replaced with other products giving the same excitement but less risky to your health. Sports will become an important ingredient in our daily schedule. Sports will be recognized as an excellent opportunity to stay fit and to meet other people.

Team sports like baseball and basketball will still be very popular in 2020. State of the art techniques will account for an optimal way to make sport engagements more comfortable, for example by using these techniques to create beautiful green grass in the stadiums on the islands.

Based on the same basic rules, sports will only have experienced minor changes to make the result more objective – especially by using audio-visual gadgets like the video to make the game more attractive to the viewers.

Although sports like mountain climbing and diving include a healthrisk, their popularity will grow because of the natural human craving for excitement.

Bungee jumping, a new and daring leisure activity in the 90s will be followed by other exciting and dangerous activities. Although the materials used will be better, there will always be a risk that something will go wrong, because the risk itself is what makes the adrenaline rise, which is the essence of the popularity these sports enjoy.

### **8.3 Finding the balance**

In the previous paragraph we concluded that we would have more leisure time in the future. How are we going to spend this time? Picture us working at home, alone and most probably using a PC. What would you like to do when your job is done? There will be a lot of activities to choose from. You can surf the Internet for new knowledge or games or a chat with a friend somewhere in the universe or you can turn on your TV. to watch a movie or you can read a book. Does this sound appealing to you, spending the whole day on your own in the same surroundings? Probably not. After spending the night and the day at your house you probably would like to get out. See and do other things and especially, meet other people. A human being is and will be a social animal longing for personal contact. We already see a change like this taking place in the Caribbean.

Formerly you would have found this personal contact in the office during working hours; now you will find yourself searching for personal contact. A major shift has taken place. In the past you would have had your social engagements during working hours in the office (or with clients) and you would love to come home at night and enjoy the quiet and peace. Now you don't have your personal contacts in the office and have to engage in social activities to get your daily allowance of social exchange. So the shift to an increased use of audiovisual techniques will lead to a consumer who likes to spend his leisure time engaging in social activities without all the high tech.

So gathering with friends and enjoying a drink during 'happy hour' is and will become even more popular in the Caribbean. For the same reason more outdoor activities are being organized, like for example Cultural and Music Festivals, sport events, social gatherings and so on. In Curaçao a nice example of these outdoor engagements is the opening of two large cinemas. Ironically, in times when you can receive almost every movie at home via satellite or – in the near future – via Internet, we choose to go out and enjoy ourselves watching an old-fashioned movie!

## **8.4 Leisure activities**

*Consuming skin deep, mindless products*

The past few years have shown us different trends in the way we are spending our leisure time. In this fast moving world with the seemingly endless possibilities in telecommunication we have quickly learnt to consume as much as we can.

Analyzing the changes that have taken place in recent years, leaves you with a picture of an individual spending leisure time eating chips in front of the television or surfing the internet. Of course there will always be some that enjoy reading a book or going to the theatre, but the technological possibilities seem to leave the majority of us consuming skin deep, mindless products. Fortunately 'Creating our Caribbean Future' is all about the awareness about and the ability to create our own future. This also means we can define how we want to spend our leisure time in the future.

### **8.4.1 Neighborhood activities**

A new leisure activity in 2020 will be the engagement in neighborhood activities. Next to our home the neighborhood will be the most important platform in our lives. All community oriented issues like healthcare, education, recreation and religion will be initiated and decided upon by the neighborhood itself. We will enjoy spending time with our neighbors to organize our community life.

### 8.4.2 Vacation

Vacation will be a prominent leisure activity in the future. A vacation combines the human desire to relax, enjoy company and learn about other countries or cities. Differences in societies and cultures will be embraced and societies want to learn about each other's culture and habits. Although it is possible to learn about other countries by audio visual media, telecommunication or a plain old book, the developments in aviation and other ways of transportation make it possible to experience the other culture first hand. Because of globalization in the transportation industry fares are low, so that more people will go on vacation more frequently.

Next to visiting other countries, theme parks, zoos and swimming paradises will be very popular, especially for families or youngsters, who like to spend time relaxing, having fun and excitement.

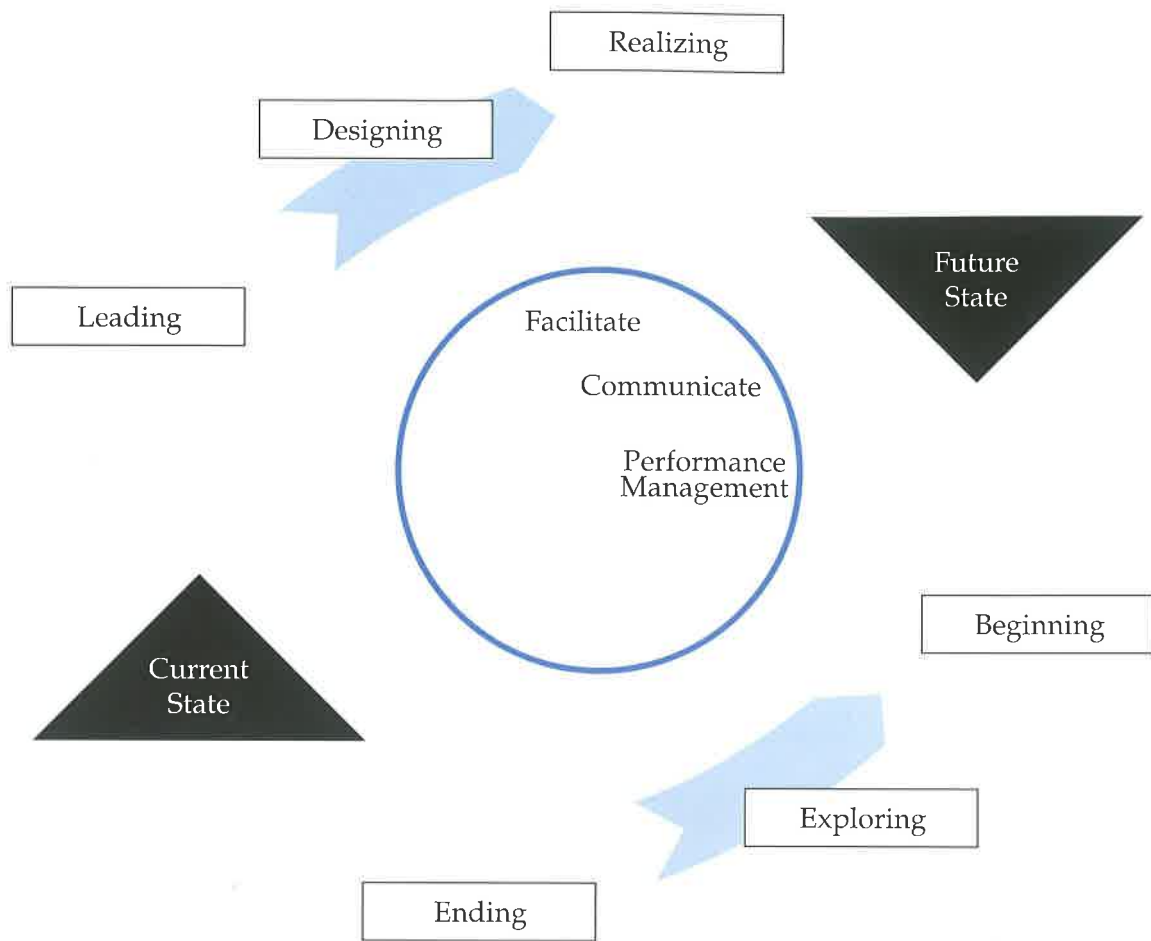


# Part Two

## *2020: Caribbean Change Enablement*

*'Transforming in a small multi-cultural island society'*





## 9. Introduction to Caribbean Change Enablement

We are living in a world of rapid change in all aspects of our lives. In the Caribbean changes in small multi-cultural island societies take place in a different way than in societies and organizations on the continents, except for maybe Australia.

In this effort to describe Caribbean Change Enablement we will discuss:

- The characteristics of small multi-cultural island societies
- A change model for small multi-cultural island societies
- Two cases:
  - Curaçao Drydock Company (CDM)
  - Antillean Airlines (ALM)

The objective is to develop a change model that is more appropriate for the Caribbean.

This article is based on the initiative called '2020: Creating Our Caribbean Future'. Arthur Andersen Business Consulting launched this initiative in January 1997. The purpose of this initiative is to create a vision on the Caribbean and to create a Caribbean Change Enablement Model in order to help organizations accomplish the transformation from their current position to the desired one.

In this first year, the '2020' initiative took shape with the contributions of a group of people from a wide variety of companies and professions, with an even greater variety of opinions and views on the Caribbean future and Caribbean Change Enablement. I would especially like to thank my colleagues José Isebia, John Steyaert, Ludwig van Hoop, Janette Vorgers and Monique Boezen for their valuable contributions.



## 10. Characteristics of small multi-cultural island societies

### *Decreasing isolation*

A large group of small multi-cultural island societies is found in the Caribbean basin. By describing small multi-cultural island societies we describe the Caribbean and maybe the islands in the Pacific Ocean. Up to this point in history the surrounding seas have isolated these islands. This isolation has decreased over time by the modernization of telecommunication and the increase of transportation of people and goods.

The promise of technology (telematics) is that the sea will no longer isolate island societies because location will be irrelevant for social and economic interaction between people and parties. I agree with this statement but one must not overestimate this technology factor. The state of mind of the people living on islands will also be a very important factor. The question is whether or not the members of an island society are psychologically willing and able to face the world.

### *Multi-culturality*

Most islands are linked to the rest of the world through their dependence on one or a few developed nations. These ties are primarily historical and still exist for two reasons: psychological and economic reasons. Developed countries have great influence on the political structure on these islands. This is the legacy of a long history of colonization. These islands are multi-cultural, in some degree segregated, which is mainly the result of the colonization and the introduction of slaves from Africa more than two centuries ago. The multi-ethnicity and multi-linguality of the people illustrate this best. It is an indication that different value systems coexist and are constantly seeking harmony.

These factors are shown in matters regarding the education system. Which language will be the language of instruction in school? The answer to this question is mostly determined by the power structure in society. In this way the education system mirrors the society in which it functions.

### *Antilleanization Policy*

We will illustrate the foregoing by elaborating a little further on the situation in the Netherlands Antilles.

Historically organizations have been managed by foreigners, mainly Dutch. After the seventies this changed as a consequence of rising social tensions, partially as a consequence of this situation. During this time there was a spirit of democratization in Europe and the United States and this also influenced developments in the Netherlands Antilles. Those who were perceived as 'locals' were placed in management positions which, after a while, became known as the 'Antilleanization Policy'. This was the first of three generations of Antillean managers we have known up till now. This first generation was for a significant part selected by the former leaders of those days. In this way they maintained their influence on the organization even if they did not manage it on a daily basis. One of the main criteria, beside the one of being perceived as a local, was loyalty to the status quo.

### *Management positions*

Thus, a management was brought forward that ethnically looked different but held the same values as the previous managers, yet was in some cases not prepared well enough.

The influence of the former leaders was significant on the selection of the first generation of Antillean managers. This generation had no role models other than the previous generation. Consequently, when this generation selected the second generation they did so basically the same way for the same reasons. The difference is that they generally selected better-trained successors. In many cases, though, these individuals were trained abroad, mainly in the Netherlands. At this moment in time the third generation managers is emerging and being selected. In general the second generation follows the same trend as the first: selecting their successors so they can maintain their influence. This has become significantly harder to do as a consequence of the clear message the global economy is sending: the manager in the information age must be a well-prepared leader that will position his or her organization in a competitive global economy.

Most of the time, organizations operating in the international market still have foreigners in key management positions. Although in some cases Antillean people are added to the management teams. In some cases this is just a cosmetic presentation.



In some occupations like 'professional services', foreigners are predominantly present. This is probably a consequence of the way Antillean professionals are trained. The last couple of years we notice an increasing demand for local consultants. This can be compared with the 'Antilleanization Policy'. Still foreign consultants play an important role. For example: when management is the problem there is a preference for consultants from abroad because they know that these consultants will not be of a rival social network and therefore more easily influenced. On the other hand it is easy to find a 'scapegoat' for failure since the foreigner comes from a world with different mindsets and different values.

#### *Training managers abroad*

Training managers and professionals is an issue. Due to the small scale, the possibilities for higher education on the islands are limited. At a relatively early age people need to leave the islands for training abroad, in many cases in the former 'mother' countries. For the Netherlands Antilles this means the Netherlands. Here young students lead a very important part of their lives without support of their families.

This period is also very important for the forming of social networks. I believe that this also influences their personality. Besides that, they are trained in a foreign environment. The theories they learn relate to this environment. When they return to their islands they have already developed their personality and have formed a set of knowledge and ambition that does not fit the reality of the islands. They are not aware of this and they try to change the reality to fit the theories they learned and saw in practice abroad.

#### *No difference between micro, meso or macro events*

In small sized societies, relatively isolated from the rest of the world, there is no difference between micro, meso or macro events. All events are placed under a magnifying glass. This means that all changes are major changes, which affect everybody, and everybody is a stakeholder.

#### *Low trust society*

The result of all these factors is a society of individuals who do not trust each other. This is what we call a 'low trust society' in which individuals experience a high amount of anxiety. As a consequence individuals seek protection from other individuals who have economic or political power, in order to reduce this anxiety. This leads to the development of social networks.

The networks play an important role. When individuals engage in transactions they constantly estimate from which network the other party is. Transactions between two individuals of the same network take less effort than transactions between individuals from different networks. To put this in more general terms: we put labels on people from the very beginning and this prevents us to go beyond the labels.

In this system personal reputations are very important because it is the credibility of an individual that determines success in interactions and transactions. This is why character assassination and image building are some of the most important tactics to influence the power structure in or between networks. The Press plays an important role in this.

These societies expect different things from man and woman. In this article we will not explain why. We will only describe some of the consequences. Caribbean societies are still dominated by men, although increasingly more women are working outside the house and at the same time taking care of the children (frequently without the help of a partner).

Men spend a significant part of their time outside the home. After work they join friends for activities varying from meetings, sports, drinking and adult entertainment. These activities are named 'paranda' or 'happy hour'. It is during these events that individuals are included in or excluded from networks. It is here where the ground is prepared for business transactions.

Sport organizations and other social organizations (service clubs) are very important. There are advantages in belonging to such an organization and to hold an administrative position. It is good for image building and for networking.

Marriages, funerals of relatives or friends and other private or public events are very important events to attend to build and maintain social networks.

#### *Labor market*

This results in an economy in which markets operate imperfectly. I will first elaborate on the labor market. All companies that do not operate in a full competitive international market, employ individuals from social networks. Employing someone is giving someone protection. The point we want to make here is that employing someone in this society is more than hiring labor.

This point is best illustrated when someone gets fired. Not only has such a person lost his job, but he has also lost protection and is alone and very insecure. This means a lot of pain for the individuals involved. The point is that having a job is part of a strategy to survive as a person that can be respected by others.

#### *Local business*

These islands have never known the mechanism of the market at a local level. They have known international markets. The businesses that operate in the local markets depend on the networks. This means that quality cost and service issues are not relevant and moreover, that these businesses, compared to international standards, are considered to be less productive and inefficient. There is no incentive for these businesses to increase productivity. They are unaware of structural changes in the world until these changes can no longer be ignored. In general there is no need for change. These businesses, once finding themselves in such a situation, seem to have an amazing capacity to respond.

#### *International business*

Businesses operating in international markets are always conscious of the movements and trends in the market and are controlled by international management. In these organizations the networks have a dysfunctional role and slow down the organizations in responding to developments on the global marketplace.

#### *Governmental organizations offer social and economic protection*

The social networks heavily influence governmental organizations. The effect of this is that many decisions are taken in the networks and are based on delivering social and economic protection to members of the networks. This has resulted in large governmental organizations and government intervention in businesses that get into difficulties when they encounter competition from and in the (global) market .

In such a society management (except for foreign management) thinks totally different. Having a vision on business is not important to become a manager. It is more important to know how to survive personally and also as an organization. The consequence is that when for example a consultant comes in and restructures an organization, one of the first things he will notice is that there is no (adequate) organizational strategy. There is just one strategy and the name of that game is called 'Don't interfere with my





business and I will not interfere with yours'. This game is played during work and after hours in the interaction of the networks.

## 10.1 Key Characteristics

The key characteristics of small multicultural island societies can be summarized as follows:

*Linked to a developed country:*

- Economic
- Psychological
- Educational

*Small means:*

- Everyone is a stakeholder
- Low trust society

*Personal development is achieved by:*

- Having a job
- Belonging to a social network
- The image is more important than the content

*Local business is not run in a business like way*

- Client retention means social network retention
- Cost, quality and service issues are less relevant for local businesses

*Governmental organizations are primarily focussed on*

- Maintaining / preserving the status quo of those present on the island (protecting the incrowd)





# 11. A General Change Model

This model has been developed by Arthur Andersen Business Consulting world wide and has been applied to our clients all around the world. It looks into some of the key aspects related to Change Enablement, as well as the challenges faced by managements as they try to implement changes in their organizations.

To manage radical change successfully, leaders have to do more than just recite vaguely constructed ideas about changing economic and competitive conditions. They must put well aimed and systematic strategies into place, to fit specific change conditions.

*Eight basic principles for lasting change*

The eight basic principles for a general approach to positive and lasting change are:

- Change is enabled not managed
- Change is not a separate process
- Change strategies are situational
- Change involves continuous and non-linear transitions
- Successful organizations strive for 'evolutionary' change, but are also prepared for 'revolutionary' change
- Change processes are holistic
- Constant communication is critical
- Positive lasting change accounts for both organizational and personal transitions

*Transition from current to future state*

At the core of any organizational change, whether it is process reengineering, quality, or a system's implementation, is the process of moving from where the organization is today (the current state) to where the organization wants to be at a specified future date (the future state). Change, by definition, involves a transition from the current state to the future state.

Understanding the organization's current state and defining its desired future is a critical precursor to the change enablement activities that will help the organization to actually make the transition.

It is not the changes, but the transitions that will cause you difficulties. Change is situational: the new boss, the new team roles, the new structure, the new computer etc.

Transition is the psychological process people go through to come to terms with the new situation.

### *Organizational and personal transitions*

Change Enablement is the process (strategies and activities) that supports organizational and personal transitions from the current state to the desired future state.

In the following, we will introduce the two types of transitions that are inherent to any change program:

- Organizational Transitions
- Personal Transitions

In the following textblocks some remarks will be made on how the general model should be adjusted for the Caribbean.

The adjustment of the general model to the specific characteristics of multicultural small island societies, is based on the study and engagements of several processes.

The general model is a good one. Its strength is that it consistently focuses on the organizational as well as on the personal aspects of change. Most models only focus on one of these two aspects.

When applying this model in small multicultural island societies we should distinguish two main groups of organizations:

- Governmental organizations
- Private organizations

The group of governmental organizations consists of two subgroups:

- Government agencies
- Government owned or subsidized entities

The group of private organizations consists of two groups:

- Organizations with their focus on the local market
- Organizations focusing on international markets

In this article there will not be a further specification.

Change at organizational level in a small multicultural island society is different from elsewhere in that the development of organizational strategy in a business-like way is poor. It is hard to create a vision in these societies. This is probably the consequence of not being politically independent, or of the belief that events are determined by outside forces. These external forces are dominant factors, which, together with the small scale of the society, make matters worse.

*No sense of urgency or  
perceived need for change*

Understanding the organization's current state and defining its desired state is critical for the change enablement activities that will help the organization to actually make the transition.

In these societies people deny the facts and there is a lack of reliable information. People on these islands believe that developments elsewhere will not affect the island. There is no sense of urgency or perceived need for change.

## **11.1 Organizational Transition**

Organizational transitions consist of changes in organizational structures, processes, systems and technologies required to successfully implement the organization's vision and strategy.

*Backbone of transition process*

Organizational transitions are critical because they provide the 'backbone' of the entire transition process. In many ways, organizational transitions

provide the 'hardware' for the change program, whereas personal transitions provide the software for the change program.

Traditionally, change programs have concentrated thought and energy on the organizational transitions that are required to realize change.

Most organizations invest considerable time and effort in defining strategic goals and objectives, as well as the actions required to enact them, such as changes in structure, processes and technology.

There are three distinct phases in the Organizational Transition:

- Leading
- Designing
- Realizing

### **11.1.1 Leading**

Leading is the process of preparing the organization to design and begin realizing outcomes specified in the business vision. It usually includes:

- Assessing systemic needs
- Analyzing performing targets

*Developing a vision is often difficult*

In small multicultural island societies much time is spent in this phase. In part this is due to lack of reliable information on the operations of the organizations. This is a consequence of the fact that the market does not function and in general the management has a hard time leading the organization. This is a fundamental problem because management often has much difficulty in developing a vision under the circumstances. For successful change it is very important that organizations are supported and facilitated in the development of their vision. For this support they often look to consultants. But the consultant market does not function. In many cases the social networks have influence on which consultant will be hired. Management will hire the consultant that is no threat to them.

With governmental organizations the consultant is paid with Dutch funds. This gives the government of the Netherlands influence on the change processes.

### **11.1.2 Designing**

Designing is the process of creating and enacting a change plan to close the gap between the current state and the desired future by defining the major tasks and activities for the transition period, and determining the structures and management mechanisms necessary to accomplish those tasks. It usually includes:

- Design and development of alternative solutions
- Testing and refining solutions
- Developing performance measures

*Resistance to change is high*

In this stage much time is used up. In many cases consultants are hired for the designing activities. The dynamic of the consultancy market has already been described. The resistance to change is very high. It is better to talk about fear for change. Again this becomes clear at the level of personal transition. Many projects stop in this stage.

### **11.1.3 Realizing**

Realizing is the process of enacting desired changes, measuring results, and identifying required adjustments to the change plan. It usually includes:

- Realizing changes
- Measuring success

*Many projects are not realized*

In small multicultural island societies many projects are not realized. Realizing is the greatest problem of organizations in these societies. This is a consequence of the great resistance to change and the failure to enable the change.



The major adjustments of the general change model to fit small multi-cultural island societies are not at the level of organizational transition but at the level of personal transition.

In small multicultural island societies many organizations are at least more or less prepared to facilitate organizational transitions; few organizations understand how to address personal transitions or the need to ensure that personal transitions are aligned with organizational transitions. This is a consequence of the lack of research in this area.

Generally, models from Europe or the United States are applied by locals trained abroad or consultants flown in. The consequence is that many change processes fail.

## **11.2 Personal Transition**

### *Psychological process*

Personal transitions are the psychological processes that people go through to come to terms with the new situation.

Organizational transitions are critical to change enablement, but without personal transitions, the potential for success is severely diminished. The obstacles are often primarily related to personal transitions (i.e. resistance to change, commitment, leadership, etc.).

### *How to address personal transitions*

While many organizations are at least adequately prepared to facilitate organizational transitions, few organizations understand how to address personal transitions or the need to ensure that personal transitions are aligned with organizational transitions.

Personal transitions require unique planning and action to ensure that the personal transition process is aligned with and supports the organizational transition.

There are three distinct phases in the personal transition:

- Ending
- Exploring
- Beginning

Again, some of the most significant obstacles to a successful implementation are the result of inadequate attention to the human or personal aspects of change. If individuals are not well guided through this process they will opt out. In some cases this means leaving the organization.

Caring is personal - it is rooted in an individual's own set of values, concerns and aspirations. That is why genuine caring about the organization's business vision is rooted in personal transitions.

Because change often requires trading the known for the unknown, an individual must know how change relates to him or her and his/her responsibility in the organization. The process of change begins with individuals.

#### *Losses and gains*

The personal impact of change involves both losses and gains. Many of the losses that result from change occur early on. Often it is only much later that personal gains are realized and understood.

Again, it's not necessarily the changes themselves that cause failure, but the lack of adequate attention to the personal transition process and providing support for individuals as they move through the transition. Our focus is on reducing the free fall people experience early on and reducing the amount of time individuals and teams have to spend working through losses before they, and the organization, can start reaping the benefits.

The personal transition process described here has been adapted from the book 'Managing Transitions' by William Bridges. William Bridges is a well-known business consultant and a pre-eminent authority on change and managing change.

*Changes are easy to dictate but unless transition occurs, nothing will be different once the dust clears.*

In enabling the personal transition it is important to understand the three key phases:

- Ending
- Exploring
- Beginning

Next the personal transition process will be explored including:

- Common emotions
- Common behaviors
- Key strategies

The major adjustments of the general change model to fit small multi-cultural island societies are not at the level of organizational transition but at the level of personal transition.

### **11.2.1 Ending**

The first phase of personal transition is Ending. Ending is the process of understanding the personal impact of change, letting go of the past and dealing with potential losses. This is the phase that people go through in which they work to leave the old situation behind. Transition often starts with having to let something go. As people go through the ending phase, feelings vary greatly, from the excitement and anticipation of a new world, to the frustration and reservation of relinquishing something 'familiar.' It is evident that people come out of their comfortable setting during the ending phase.

*Ending is hard because of the fear of losing your job*

In small societies ending is very hard, because organizational change triggers the fear of the loss of jobs. A job is a system of protection as a strategy to reduce anxiety in a society where the labour market does not function according to the textbooks. The fear of 'going out there' and looking for a job means mobilizing your network, and if not successful, being without shelter or having to be absorbed by another social network. Technical skills are not the primary concern of individuals when faced with

the potential loss of their jobs. When individuals do not succeed on the local labour market they have to move abroad, mainly to the Netherlands.

Common emotional responses in the ending phase include:

- Uncertainty
- Denial
- Frustration
- Anger
- Sadness
- Reservation
- Apathy or lack of interest
- Anticipation
- Excitement

*Let go of the familiar*

The first reaction to new change is frequently a feeling of uncertainty or even denial. Change brings about a period that forces people to let go of the familiar, something comfortable, the predictable. Furthermore, people, during this phase, are often very focused on the personal impact the change may have on them.

In a small island society these reactions are very strong and emotional, because of the meaning of employment (protection, status and reputation). When the economy is in recession people live in a constant stage of uncertainty, denial and frustration. The consequence is that when change becomes more apparent there is a lot of anger.

In small multicultural island societies members of organizations usually show a typical emotional response: uncertainty, denial and frustration. This is a consequence of the lack of trust between individuals. This is why in a very early stage during the change process individuals show anger.

Now that we understand what change feels like in the ending phase, it's important to understand how to recognize it in the behavior of employees. Some common behaviors include:

- Increased absenteeism
- Public or private withdrawal
- Decreased involvement in group activities
- Public or private grieving
- Sabotage or displaced aggression
- Inconsistent productivity levels
- Disrupted sleeping and eating habits
- Increased questioning by employees
- Greater need or urgency for information

Whenever change is introduced, **resistance** to change may occur because it threatens:

- Current modes of behavior and performance measures
- Traditional attitudes
- Established relationships

Psychological drivers of resistance include:

- Fear
- Uncertainty
- Loss

*Resistance is a predictable and natural reaction*

The key to understanding the nature to change is to realize that only if we understand the specific barriers of change, are we able to develop change strategies that overcome resistance. It is a reaction to an emotional process taking place within an individual. Resistance is a predictable and natural reaction against the process of having to face up to change, leave the known and trade it for a journey towards the unknown.

In small multicultural island societies the first three behaviors are very common. Absenteeism is high because people feel protected by their social network and do not feel the desire to perform. Due to the networks there is

always a public form of withdrawal. People interact privately within their social network. When the discussion on change becomes very real people start with public and private grieving and go over to sabotage or displaced (verbal) aggression.

There are some key strategies to support and enable people to more effectively navigate through this phase. These action steps should be used where appropriate, recognizing that different action steps will apply to different situations and different individuals.

### *1. Provide Employees with Information*

Identify for your employees :

- What is changing and why
- What the effects will be
- Who is going to be affected

### *2. Define what to expect*

Define what is left unchanged and what isn't.

### *3. Treat the Past with Respect*

*The past worked well for yesterday*

Present innovations as developments that build on the past. Honor the past for what it has accomplished, never denigrate. The past worked well for yesterday. However, it will not work for tomorrow. Today we are planning for tomorrow.

### *4. Expect and Accept Signs of Emotion*

Expect that when people go through change that they may be upset or 'emotional'; if you suppress these feelings or encourage people to move ahead, you will be handicapped with people who have never 'healed'. Give them time to let things sink in and then schedule a session to talk things over.

*5. Acknowledge Emotions Openly & Sympathetically*

Acknowledge emotions and express your concern for the people affected.

*6. Don't Try to Talk People out of Their Feelings*

Each person feels what he/she feels; no two individuals react to similar events in the same way, with the same feelings. Give them time to respond to and absorb the change.

*7. Communicate again and again*

Provide information to and elicit feedback from employees about the change, what it means, why it is necessary. Don't assume they are already aware of it or that someone else will communicate adequately.

*8. Make leadership visible*

Being visible shows employees that leadership is approachable and that everyone is going through this together.

*9. If appropriate, ask for assistance from the HR manager and/or the employee assistance program*

When one starts providing employees with information in small multi-cultural island societies, one must be aware that one starts a public debate. This is the effect of the small scale and the relatively easy access to the Press. There is no difference between the micro, meso and macro levels. The social networks start working to protect their members. In many cases this results in personal attacks in the Press.

The public debate absorbs a lot of time, energy and resources and endangers the real change process. This is why we suggest to start informing the employees after the whole process - including a implementation plan and strategy - has been prepared and agreed upon by (senior) management and other key stakeholders. In other words: after the organizational transition is in the initial state of the realizing phase, the 'realizing' phase is about to start.

*Leadership is approachable*



The aim must be to shorten the ending phase of the personal transition as much as possible. If one is not successful at shortening the ending phase, the change will be much more difficult because it will absorb a lot of energy and decision-makers will start to question their initial decision.

Many colleagues disagree on this approach. They still believe in the participative approach of enabling change, meaning to get all involved at an early stage. It is our opinion that this point of view is based on textbooks. In all the successful changes we have analyzed none of them followed this approach.

The second phase of the personal transition process is exploring. This phase is often described as 'no man's land', between the old reality and the new.

### **11.2.2 Exploring**

*Exploring is the process of overcoming anxiety and resistance, experimenting with changes and defining new rules and roles.*



It is a time when the old way is gone and the new way doesn't feel comfortable yet. This phase can be explained as the time when you've let go of one trapeze with the faith that the new trapeze is on its way. In the meantime, there's nothing to hold on to. Some people perceive they are flying and some people perceive they are falling.

Often this phase is the most difficult. It is a time with very little structure and many questions are still left unanswered. Exploring, however, can be a phase that allows for great creativity and learning. As people begin to feel more comfortable with the process, very often they begin to explore how they can improve the process.

Common emotional responses in the exploring phase include:

- Confusion
- Indecisiveness
- Resistance
- Anxiety
- Creativity
- Innovation
- Energy

While the exploring phase is a time when many explore new options, it is also a time when resistance could be at its peak. Now that we understand what change feels like in the exploring phase, it's important to understand how to recognize it in the behavior of employees. On the one hand, we may see behaviors that are perceived negatively. However, at the same time, we also see behaviors that are clearly more positive.

If the ending phase is not shortened, anxiety will be the most likely response in small multicultural island societies, because this is the basic feeling in these societies. This might lead to (auto) destructive behavior. If well handled, those involved might react with creativity and innovation.

Here are some key strategies to support and enable employees to more effectively navigate through this phase.

These action steps should be used where appropriate, recognizing that different action steps will apply to different situations and different individuals.

*1. Provide a Sense of Direction and Guidance*

Identify priorities and set short term goals.

*2. Provide 'Interim' Structures*

Develop temporary policies and procedures that are adequate for the transition period.

Identify any new roles and reporting relationships needed to help manage through the transition period.

*3. Create an Action Plan for Responding to Change in Your Workplace*

*4. Encourage Employee Involvement at each stage of the change*

Incorporate good ideas and new suggestions from employees as a regular part of the process.

Identify and involve people who may be less receptive to the change.

Avoid giving responsibility to people who are already over-committed.

*5. Identify the Skills and Knowledge Needed to Master the Change and Function Successfully in the New Environment*

*6. Meet Frequently to Give Feedback and Listen to Concerns/Expectations*

*7. Collaborate and Build Bridges Between Work Groups*

*8. Demonstrate flexibility to try new things and encourage creative thinking and action*

Develop a safe climate for employees to practice and try new things.

*9. Allow for the withdrawal and return of employees who are temporarily resistant*

Recognize that some employees may become temporarily resistant and that it is not uncommon for employees to periodically withdraw emotionally.

In small multi-cultural island societies the strategy must aim to guide people through the exploring phase while the organization is already in the phase of 'realizing'. This is the best way to provide a sense of direction. One of the most successful strategies is to present a new logo and communicate as if things already took place.

The third phase of the personal transition process is beginning - paradoxically - the final phase of transition.

### **11.2.3 Beginning**

Beginning is the process of adopting new values, attitudes and identities and seeing the tangible benefits. Beginning involves new understandings, new values, new attitudes, and most of all new identities. People will grasp the new work when they have transitioned mentally, emotionally, and physically to the New World.

Beginnings are strange things; people want them to happen but fear them at the same time.

Common emotional responses in the beginning phase:

- Unsure
- Relief
- High Energy
- Accomplishment
- Excitement

People are generally relieved that they've endured the exploration phase and energized that they have arrived at the 'promised land' or new beginning.

But beginnings are also very scary to most people. The vision is now clearer and is more in reach but... there is always the possibility that the realized changes won't work or won't look exactly as what was expected.

Some commonly seen reactions to this phase include:

- 'This is really going to work.'
- 'We should have been doing this all along.'
- 'I have a creative idea that I would like to try out.'

Now that we understand what change feels like in the beginning phase, it's important to understand how to recognize it in the behavior of employees. Here are some key strategies to support and enable employees to more effectively navigate through this phase. These action steps should be used where appropriate, recognizing that different action steps will apply to different situations and different individuals.

1. *Encourage Senior Leadership to Communicate the Vision/Strategy*
2. *Involve Employees in Setting Goals for Their Work*
3. *Design Occasions/Opportunities for Quick Success*
4. *Provide Training in New Values, Skills and Behaviors*
5. *Acknowledge and Reward people*

Acknowledge the struggles and sacrifices everyone has made to achieve goals.

Reward those who remove roadblocks to change.

Reward attempts and risk taking, not just achievements.

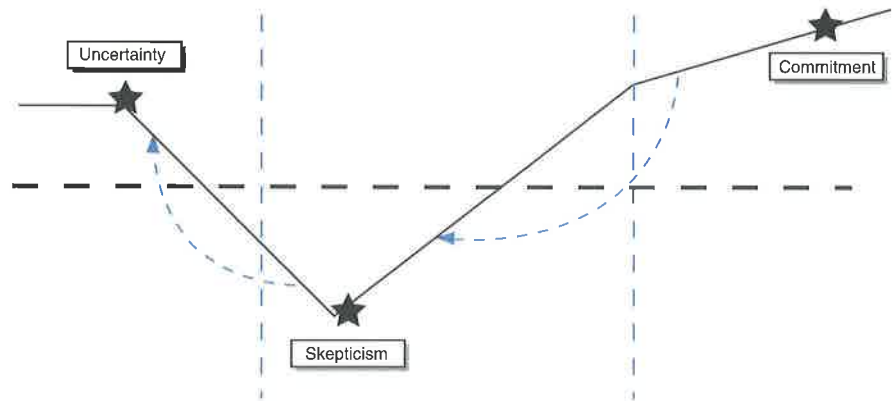
6. Celebrate Change with public displays that acknowledge groups and individuals who have helped to make the change happen

7. Monitor the change process and continue to reinforce enthusiasm for the change

The strategy must be that while the organization is already in the future state, the employees still have to be taken through the beginning phase. The fact that the new organization is a reality, makes it easier for the employees to accept this and make a new beginning. At that point management should communicate the vision and celebrate change with public display.

It is important to note that not everyone will progress or go through transition at the same rate.

As employees progress along the continuum, some may loop back to an earlier phase. The route is not always one way, nor always forward or 'in sync' with everyone else.



### 11.3 The process of enabling change

There are six key elements critical to the process of enabling organizational change:

- Process facilitation
- Communication
- Performance management
- Culture capacity
- Leadership capacity
- Individual and team capacity

As a result of our research with clients and ‘experts’ we have condensed the number of key elements into six primary categories. These six elements provide a simple, yet understandable way of viewing the various strategies, activities and tools available to facilitate the transition process.

As we said before, change is situational; the circumstances surrounding a change program are unique to each organization. Although there is no precise, sequential methodology to enable change, we believe that any major transformational effort should take into account these six key process elements to be successful. The final part of this section includes a series of factors and considerations that should be taken into account when assessing to what extent the six process elements may be required in implementing a successful change program.

You will notice that in the model we use the ‘yin/yang’ symbol from Chinese dualistic philosophy. We’ve selected this symbol to indicate that change is not an ‘either/or’ proposition. Successful change requires accepting paradox forces or ideas at the same time. There is no single ‘best’ change strategy...only a myriad of alternate approaches. Successful change enablement requires the ability to understand the many alternatives and choose those that best meet the organization’s needs.



The first three types of process elements are critical to creating the overall architecture or structure for the change process:

- Process facilitation
- Communication
- Performance management

Process Facilitation focuses on defining the nature and sequence of specific activities required to facilitate the change process. This includes work programs, pilot planning, risk management, etc.

In small multicultural island societies it is essential to put the action of the plan in place, not because the people involved will commit themselves to the plan, but to constantly show that there is a target. Those involved who are not following the plan, will endanger the execution of the plan (or change). Often management is afraid to assume responsibility, because individuals react very strongly towards change and because the market does not function, so there is no penalty for not meeting deadlines or even calling off projects. Herein lie the difficulties for planning. By constantly showing that steps are postponed management is on the spot and will take decisions to save face. As we already mentioned, reputations are very important.

Communication focuses on building awareness of changing goals, updating change progress, and encouraging collective ownership of the change process and desired outcomes. This includes communication plans, creating the business case for change, and feedback channels.

In small multicultural island societies it is important to communicate and to inform people only if management knows what it wants and executes its action plan while it communicates where it is going. Communicate while acting and do not stop to communicate nor to act. This does not imply not to listen. If good points come up, adjust and go on.

One of the basic axioms of the general change enablement model is an open democratic society with well-educated citizens. In small multi-cultural island societies this is not always the case.

We would also like to point out the 'multicultural' factor. Since there are so many definitions of reality in a multicultural society, it will take a lot of time and energy to reach some sort of consensus.

Performance Management focuses on aligning human resource processes - recruiting, training, measuring, and rewarding - to drive new behaviors in support of the business vision. This includes performance goals, measurement and feedback systems and a host of human resource activities.

Performance management is the responsibility of the management. In some cases management is part of the problem. To be successful one must be sure that there is an adequate management team.

The second three types of process elements are critical to understanding organization's collective capacity to embrace and implement change:

- Culture capacity
- Leadership capacity
- Individual & team capacity

The definition of capacity includes two major activities: assessment of current capacity and development of future capacity.

Culture Capacity focuses on assessing the impact of the current culture on the change process and building new cultural values and behaviors to support the business vision and desired outcomes.

The culture capacity in relationship to change is negative. In the case of the Netherlands Antilles too many change processes have failed.

Leadership Capacity focuses on aligning leaders' values and behaviors with the business vision through assessment, training, and ongoing feedback. This includes leadership assessments, resistance and readiness assessments, development plans and curriculum, and coaching and feedback.

As we already stated, management is part of the problem. Developing management or hiring appropriate consultants is essential.



Individual and Team Capacity focuses on increasing individual and team ability to take effective action to enact and support the business vision. This includes team building/learning activities, resistance and readiness assessments, personal development plans and risk assessment.

The individual and team capacity is low, due to the level of education and the functioning of social networks. The influence of key persons involved in the social networks must be taken into consideration when developing the strategy of change.

It is better not to move instead of moving and running the risk of losing face, status etc. In this environment little progress will be made and learning by trial and error is not feasible.

#### **11.4 Some key points**

Now that we have reviewed the three building blocks of the change framework (organizational transition, personal transition and change enablement), it's important to reiterate the importance of several key ideas.

Change Enablement is the process (strategies and activities) that supports the organizational and personal transitions from the current state to the desired future state.

Change strategies and processes are situational. What you must do to transform your organization cannot be detailed precisely by any model, methodology or book. You can, however, strive to understand the change process and the various strategies, activities and tools available to you to assist in enabling the transition from where your organization is today to where it wants to be in the future.

Because change is situational it is often difficult to gauge the degree of required change and subsequently to what extent a structured change enablement approach is required. The next section provides basic questions to be addressed when gauging the degree of change required.

*Different projects require different levels of effort in enabling the change process*

Before embarking on an ambitious change program, it is important to understand how the vision and desired outcomes will impact the organization. For example, when only minor changes are required, you may elect to use only selected strategies, activities and tools. But when the organization requires a major transformation, it is likely that nearly all of the framework will be employed in some manner.

Each organization is unique, but there is a number of key questions that any change leader should ask in order to determine the scope of change required.

The magnitude of the change effort can be gauged by answering questions in five broad areas:

- New competencies - as the number of new competencies required increases, so does the scope and structure of the change program.
- Number affected - as the number of people affected increases, so does the scope and structure of the change program.
- Strategies, processes and technology - as the impact on strategies, processes and technology increases, so does the scope and structure of the change program.
- History of the change program - past successes can be a substantial driver of change, but past failures (and the reasons why) can be a critical barrier. The greater the organization's negative history with change, the more likely a structured approach for change is needed.
- Capacity - as the organization's capacity (its readiness to make changes and the ability, knowledge, skills, attitudes to do so) decreases, the need for a structured change program increases.

These questions provide only a start to gauging the extent to which a structured change approach is necessary. However, when asked in the context of a specific organizational setting, additional questions will become clear. The 'answers' to these, and other questions, will help you pick the right strategies and tools to enable your change process.

All changes in small multicultural island societies are major changes because they are perceived that way in small multicultural societies.

#### *New competencies*

In most of the cases new competencies must be learned, because the need for minor changes was ignored in the past.

#### *Number affected*

Because of the scale and the social network all changes affect a great number of people.

#### *Strategies, processes and technology*

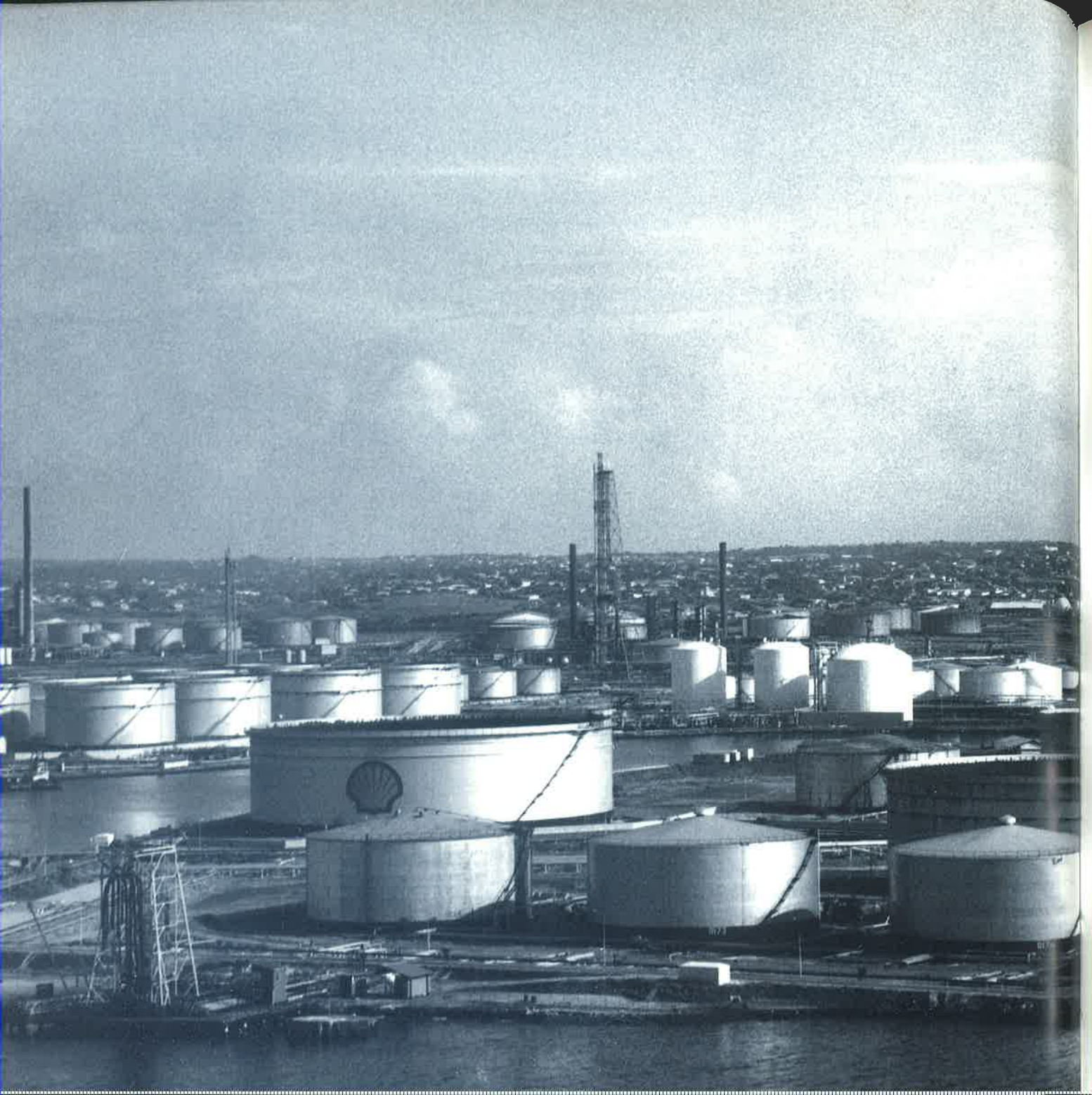
Because organizations in small multicultural island societies postpone change as much as possible, they must face change once it has impact on strategies, processes and technology.

#### *History of the change program*

Almost all change processes have a negative history. This gives rise to two kinds of reactions. Those involved do not believe that the actual change will happen and just wait for the project to fail. The second reaction is that those involved go directly to the maximum level of resistance, because they know they have been successful in stopping change before.

### *Capacity*

In small multicultural island societies there are hardly any organizations that have the capacity to go through change, except for those organizations that traditionally operate on the international market.



## 12. The cases

In this final chapter two change processes on the island of Curaçao are described. In this way we will try to illustrate how change takes place in small multicultural island societies.

The first case is the restructuring of the Curaçao Dry Dock Company (CDM) and the second one is the restructuring of the Antillean Airlines (ALM).

### 12.1 The restructuring of Curaçao Dry Dock Company (CDM)

The turn around of CDM in 1993 is one of the major and successful change process in the Netherlands Antilles.

CDM competes on the international market. In order to guarantee the continuity of a company operating within this market, the company must have maximum flexibility to adapt itself rapidly to the changes that take place in such a market.

In the period leading to September 1983 the control of CDM was in the hands of private institutions, which held a big majority of the shares of the company. Although during that period the Netherlands Antilles had a minority interest in CDM, this company was essentially a private enterprise. The company's objectives were focused towards maximizing company profits for the benefit of the shareholders.

Since the beginning of the seventies, after the first energy crisis, shipping business fell into a slump. The freight market deteriorated, with all the negative consequences this brought about for the ship repair industry. For these reasons the principal shareholders, namely RSV, Nederex and Wilton Feijenoord - companies with activities directly related to or directly involved in shipbuilding or repairs - were themselves faced with financial-economic problems, which led them to bankruptcy. The above situation resulted in the considerable slackening of the supervision of CDM's affairs.

Due to occurrences to the advantage of CDM in its catchment area, the tendency of the tremendous depression that the international shipping business was facing, did not reflect itself in the yearly turnover and the financial results of CDM during the seventies up to the year 1982. In contrast to what was happening in the shipping world, in 1981 CDM realized a record turnover. When looking back and evaluating CDM's policy during that period, we arrive to the conclusion that CDM did not adapt to changes that were occurring in the international market since the beginning of the seventies. It appears that the management of CDM did not visualize that market characteristics had changed and that the situation in the catchment area of CDM was no exception to that. If until then it was considered to be a seller's market, from then on, it changed into a buyer's market. It can be established that they continued to execute a policy based on a seller's market, which resulted in a policy that reflected, on the one hand, a minimum of marketing effort, high prices and very little comprehension of the very difficult conditions clients were in, and on the other hand, very little control of operational expenditure.

The outcome of all the above was that when the effects of the extremely critical international market situation hit CDM at the beginning of the eighties, the consequences were devastating. CDM did not have the resources to recuperate on its own and found itself in a situation of virtual bankruptcy.

Because CDM was an important source of foreign currency and labor for Curaçao, the Government, for macro-economic reasons, decided to launch a rescue operation at the end of 1983, taking over the shares, at that time in private hands. With the Government as sole shareholder of CDM, in the beginning it firmly indicated that the company's policy should be directed towards maintaining a maximum of labor force at work. Reason why it was willing to subsidize the company's losses. Following this instruction, the company's policy performed during the period as per the end of 1983 up to and including 1986, was adapted accordingly. After 1986 it became obvious that, due the fact that the income diminished, the Government could not continue to subsidize CDM any longer. This made it necessary to introduce a policy directed towards restructuring the company without financial governmental support, an action that brought about the need to come out in

the open with the true state of affairs at CDM. The main aspects of this policy are: an aggressive marketing, based on demands prescribed by the ship repair market of the moment.

This meant a great marketing effort directed towards all CDM prospects, competing strongly by taking into consideration prices defined by the market and offering financing in spite of all the risks involved in this. Reduction of expenses by lowering fixed expenses to a minimum level, allowing expenses to fluctuate at the same rate and manner as the income.

This policy was directed towards obtaining optimum flexibility, trying to achieve effective reaction to market changes, thus adapting rapidly to the market demands and conditions.

A short while after introduction of this policy, in 1988, CDM's turnaround was achieved. While operating in this manner, it then became obvious that an already weakened ship repair market had taken a sudden turn for the worse in 1993. CDM reacted and adapted quickly in accordance with the changes that were taking place in the market. In a market that is continuing to deteriorate, CDM has been successful for a few years now in maintaining full operation.

The policy just referred to is based on a short term view. Through the policy carried out at CDM, we also attempted to realize a long term view. CDM set as starting point the premise that never again will there be times of plenty such as were known during the sixties and seventies. In other words, the starting point was the premise that the ship repair market will remain highly competitive in the long run as well. If we analyze CDM's competitive position, we must realize that contrary to many countries that have ship repair facilities, Curaçao does not have a national fleet and this translates into the fact that we cannot count on a captive market. In other words a market that CDM can rely on. In this CDM is surely in a disadvantageous position. Another disadvantage is the high cost of labor associated to the relatively high standard of living that Curaçao has in comparison with other countries with competing facilities in the region.





CDM's strong point is that it is capable of offering ship repair services at European standards. When analyzing the competition in the Caribbean we arrived to the conclusion that the Cuban yard might, in the long run, also be able to offer services at European standards, while not having to cope with the disadvantages of Curaçao. If this were the case, Cuba's shipyard would be able to compete with and possibly completely remove the Curaçao shipyard from the market, if we consider the premise that the ship repair market will remain under pressure for a long period of time.

For those reasons CDM sealed a strategic alliance with Cuba's shipyard through establishment of a joint-venture, which embraces both the Cuban and the Curaçao yard and which has as starting point the condition that neither of the two yards will compete with the other. CDM thus eliminated the strongest competitor that we may have had in this area in the long run.

By means of the policy just described, and in spite of the continued deteriorating ship repair market, CDM has been able to stay in operation with very acceptable positive financial results, while several well-known yards had to stop operations.

## **12.2 'Organizational transition' at CDM**

In the following section the events starting in 1993 will be analysed by applying the change model.

### **12.2.1 'Leading' at CDM**

A local management group manages CDM. In 1993 it was decided by the biggest shareholder -the government- that the company needed to be restructured. This was communicated to the employees and the general public.

Management went through the leading phase assessing systemic needs and analyzing performance targets.

This was not the first attempt to restructure CDM. Therefore it was difficult for management to stay out of the public debate at the beginning of the process. Management participated in the debate but remained focused on not spending too much energy on this. This was partly possible because there was shared vision between management, the board of directors and the major shareholder (government).

### **12.2.2 'Designing' at CDM**

The CDM management had a vision and a business plan. The employees also contributed to the plan. The plan included the design and proposal of alternative solutions, the development of performance measures and a time schedule.

The content of the plans was never part of the public debate. (One should keep in mind that in 1993 privatization was highly controversial in the Caribbean and there was insufficient proof that privatization would work)

At this stage it was communicated to the employees that the shareholder and management were not considering to shut down the company, to privatize it or even to lay off people. The wage sacrifices of the employees would be enough to save the company.

### **12.2.3 'Realizing' of CDM**

The organization started the phase of implementation. Changes were made and result was measured. The company started showing signs of recovery.

In this phase the union started making clear their point of view. They were against the more flexible ways of hiring labour. Several actions, including strikes, took place.

At this point the company was closed and opened again making new arrangements with former employees. A few months after this management was reporting improved performances.

## 12.3 'Personal transition' at CDM

CDM had no specific strategy for the personal transition.

### 12.3.1 'Ending' at CDM

Ending is the process of understanding the personal impact of change, letting go of the past and dealing with potential losses.

The ending process of the CDM employees started when the organizational transformation process was already in the realizing stage. It was only in that stage that it became clear what the consequences of the change could mean for everybody individually and that jobs were being eliminated. What was well managed by the CDM management was that it was made clear as soon as possible who would stay with the company and who would not and what arrangement would be made for those who had to leave the company and what the possibilities were for them if business picked up.

The employees were already in the stage of uncertainty and denial. So the emotional responses went rapidly to frustration and anger resulting in some acts of sabotage. But given the fact that everything was relatively clear, negative activities were limited.

The CDM management was geared to making clear to all involved what the situation was. Communication and leadership were the main instruments. Also a lot of credit must go to CDM's Human Resources department, which did an excellent job supporting management and the employees.

Because everything was made clear and executed in a professional way the public debate was to the point. The ending phase was very short.

### **12.3.2 'Exploring' at CDM**

The exploring phase was also very short. This is the consequence of the fact that the organization transformation was already in the realizing phase. This means that at that level many questions were being answered in practice.

### **12.3.3 'Beginning' at CDM**

The ending phase was shortened because of the fact that the restructured company started showing improved financial results within a year. This was the ultimate proof that restructuring of the company was the right decision.

## **12.4 Six key elements critical to the process of enablement at CDM**

There are six key elements critical to the process of enabling organizational change:

We do not believe CDM management had a detailed plan but they did know what the essential steps were that needed to be taken. Another key factor in the success was that management, the board of directors and the largest shareholder had a common vision and communicated well, thus making it possible to act fast when needed.

The management of CDM did not only communicate well with the board of directors and the major shareholder, but also managed the public debate very well. They created the sense of urgency by showing what was taking place on the international marketplace and what the consequences would be if the company was not restructured.

CDM did a great effort on the HR area to implement new HRM tools.

The culture capacity of CDM was one that could embrace the change because CDM always had been market driven and the employees were all very well trained.

Management working as a team provided excellent leadership. This is exceptional. One might have expected foreign management to lead such a change process in a small multicultural island society. In this case local management worked. This proves that local management, adhering to the rules of the global market, can do the job.

### **12.5 The magnitude of change at the CDM**

The restructuring of the CDM was a major change.

Number affected: the change affected about 500 employees. CDM is one of the largest companies in the Netherlands Antilles.

Strategies, processes and technology: the changes were in all three areas.

History of the change program: CDM had been in the process of change from the early eighties. People were tired of these constant changes.

Capacity: CDM had a great capacity to change. This capacity was created by the fact that CDM always operated on the global marketplace.

## **12.6 Antillean Airlines (ALM)**

In 1995 The Antillean Airlines started a restructuring process. For several years (almost ten) the company had been losing money. This had become unacceptable for the biggest shareholder, (the Central Government of the Netherlands Antilles).

## **12.7 Organizational transition of the ALM**

In this segment we will describe how ALM went through the several phases.

### **12.7.1 'Leading' at ALM**

ALM hired an experienced foreign manager to turn the company around for the period of two years. This was communicated to the employees and the general public. He was added to the management team. Shortly after that the relationships in the team were severely disturbed. Soon hereafter two of the directors left the team, leaving the newly hired manager in charge of ALM.

The manager went through the leading phase with ALM, assessing systemic needs and analyzing performance targets.

### **12.7.2 'Designing' at ALM**

The manager of ALM, presenting a vision and a business plan, finished the designing phase. The employees also contributed to the plan. The plan included design and developing alternative solutions, test and refine solutions, develop performance measures and a time schedule. Some specific issues were addressed: new routes, new flight schedules, new marketing strategy, on time performance.

At this stage it was communicated to the employees that the owner and management were not considering to shut down the company or even to lay

off people. The sacrifices of the employees would be enough to save the company.

### **12.7.3 'Realizing' at ALM**

The organization started the phase of implementation. Changes were made and result was measured. The company started showing signs of recovery, but the process ground to a standstill, well behind on the targets set in the business plan.

In December 1996 a conflict emerged between management and the unions representing the employees. It was about paying the Christmas bonus and interpretations on other agreements on sacrifices between parties, but also because of rumours that employees would have to be laid off after all. After several attempts to bring the parties involved together, the owner decided to close the company and reopen a new ALM company. Slowly the employees started accepting the change.

The manager announced that he would not prolong his contract. A new manager had to be found.

### **12.8 'Personal transition' at ALM**

Personal transitions are the psychological processes that people go through to come to terms with the new situation.

There are three distinct phases in the personal transition:

- Ending
- Exploring
- Beginning

### 12.8.1 'Ending' at ALM

The ending process of the ALM employees started when the organizational transformation process was already in realizing process. It was only in that stage that it became clear what the consequences of the change could mean for everybody individually and that jobs were being threatened.

The employees were already in the stage of uncertainty and denial. So the emotional responses went rapidly to frustration and anger, resulting in acts of sabotage. This threat was so great that the fleet of aircraft was placed on another island.

The ALM has up to this stage not been successful in shortening the ending phase. This is a consequence of not communicating with and providing information to the employees. This is a treat for the change process.

### 12.8.2 'Exploring' at ALM

If the ending phase is shortened by starting communication with the employees and by starting the public debate at a well timed moment, the exploring can start right after these activities.

Exploring is the process of overcoming anxiety and resistance, experimenting with changes and defining new roles. Once it is clear who will stay in the organization and who will have to look for another job, those who stay are very eager to explore. Those individuals forced to look for another job have a very difficult time as I explained before.

In the case of ALM the process of making clear who was going to stay with the company and who was not, took too long. The consequence was that the persons involved showed the common emotional responses in the exploring phase:

- Confusion
- Indecisiveness
- Resistance



- Anxiety
- Creativity
- Innovation
- Energy

In the ALM case the ending phase was not properly handled. This had as a consequence that the exploring phase was not properly dealt with either.

### **12.8.3 'Beginning' at ALM**

At this moment in time ALM has not reached the beginning phase. Fast and clear decisions must shorten the ending and exploring phase, especially in the area of personal and organizational structure.

The general change model suggests some key strategies to support and enable employees to more effectively navigate through this phase. These strategies will also work in the case of ALM.

The strategy must be that, while the organization is already in the future state, the employees still have to be taken through the beginning phase. The fact that the new organization has become a reality, makes it easier for the employees to accept this and to make a new beginning. This means that when employees get involved there will already be a draft proposition. Another remark that we have to make is that it is hard to realise Quick Successes.

### **12.9 Six key elements critical to the process of enablement at ALM**

Process facilitation focuses on defining the nature and sequence of specific activities required to facilitate the change process. In the case of ALM the emphasis was too much on the organizational transition and too little attention was paid to the personal transition. What ALM did well was analysing the current stage and developing a business plan.

ALM did not succeed in communicating while implementing. Every time they communicated the actions were stopped.

At this moment in time ALM is not doing well in this area. The employees are being selected and this process is not being handled very professionally.

The culture of ALM was not one that welcomed change. There was a general disbelief that the owners would decide to restructure the company.

It was a good decision of the owner to bring a manager from abroad with affinity with the Caribbean. That is why the organizational transformation went relatively well.

ALM should have hired a change agent specialized in the field of personal transition.

The restructuring of ALM is a major change, not only because all changes are major changes in small multicultural societies, but also because the relatively high number of people directly affected (916 employees).

Strategies, processes and technology: as the impact on strategies, processes, and technology increases, so does the scope and structure of the change program. In the case of the ALM involved turning a company around to be more market driven.

History of the change program: the ALM has a long history of unsuccessful change. On the other hand the more successful change process at CDM served as an example for ALM.

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