

## Eliyahu Lotzar

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**Sent:** Thursday, April 30, 2020 4:56 AM  
**To:** Eliyahu Lotzar  
**Subject:** What level of Organizational Trauma are you experiencing?

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### **Global Trauma can significantly impact your organization.**

*Written by Zvezdan Horvat, Principle Associate, Adizes Institute South-East Europe*

This is what, in chaos theory, we call the “butterfly effect”. Put simply, the butterfly effect is when, depending on the initial conditions, a small change in one state can result in large differences in a later state. A small change like a butterfly flapping its wings can cause huge change. And that is just what has happened to us. The black swan theory, or the theory of black swan events, as defined by Nassim Nicholas Taleb, refers to an unexpected, large-scale event that has major consequences, and ends up playing a significant part in history. And that is just what has happened to us.

COVID-19 has happened, a clear example of both of the concepts outlined above. Both the butterfly and the swan have come. And it is a hugely traumatic event for all of us. Trauma can impact organizations just the same as it affects individuals, families and communities. And just as a lack of communication and understanding harms individuals, so to can it also damage organizations. If we consider trauma from the organizational perspective, it will help us survive in hard times, because we will be able to bear the knowledge of our strengths,

resources and predictable patterns in order to evaluate and devise an adequate plan of action.

Crisis, or organizational trauma, is part and parcel of our lives, an integral aspect of the operation of a business and of entire national economies. Periodically, crises can even assume a global scale, like a pandemic. An additional problem, perhaps the most significant, is the increased rate at which crisis situations arise, as a consequence of the increased pace of life as a whole. This makes management in crisis situations an important response to this aspect of our reality.

In addition to going through the natural lifecycle (Adizes I, Corporate Lifecycles), organizations often face a variety of environmental issues and problems in their own functioning, thus experiencing events which we can describe as traumatic. If an organization is well-integrated, both internally and in its environment, then we can expect it to get through crises caused by such events easily and quickly. Crises are perturbations which bring anxiety, insecurity, and also opportunities. Trauma weakens the organization, temporarily or long-term.

Events that might be part of the normal lifecycle for one organization can be traumatic for another. It all depends on how many layers of protection or shields we have for our organization. These shields, or forms of protection are:

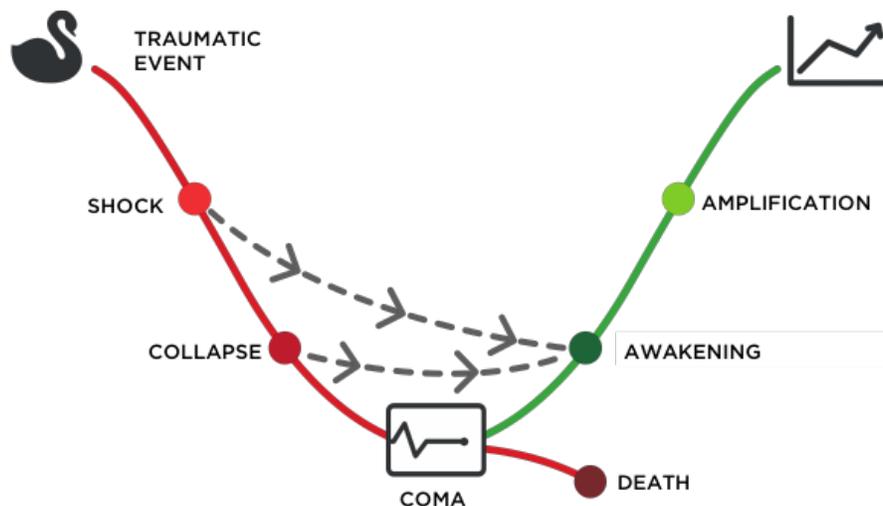
- Our organizational culture
- a well-established structure and
- adequate management processes.

As we create organizations, we shape a unique culture and habits. Organizational culture consists of our stated values, the organizational climate and the attitudes and styles of key people. All organizations form their own habits, and habits powerfully affect organizational culture. If we do not intentionally create good habits, bad habits will form naturally. Simply put, our culture will have a huge impact on our decisions at traumatic times – eg, on how we will react to a crisis. A positive organizational culture is one of our greatest strengths in times such as these, and indeed, in any time.

Next, our strengths lie in good structural solutions, clear responsibilities and authorizations, and internal and external rewards. Likewise, in very simple terms, the better we are organized, the more people take care of their organizational units and are dedicated to them, the stronger we are, and the easier we will overcome the trauma. And finally, good management processes offer the possibility of good analysis, reaction and the introduction of appropriate changes. If all this is lacking, then the organization will, to a greater or lesser extent, be exposed to the impact of the trauma or crisis.

Of course, the industry to which the organization belongs also needs to be taken into account, because trauma affects the efficacy of an organization differently in different sectors. Nevertheless, we can generalize by saying that we reap what we sow. Onslaughts will come, new methods will need to be found, but the

stronger our “shields” are the easier we will get through the cycle of organizational trauma, as described below.



The typical behavior of organizations caught up in disruption of this kind can be described using what we call the cycle of organizational trauma. Usually, a traumatic event comes as a surprise to most employees, who never thought that the normal operation of the company could be interrupted in any drastic way. This creates confusion, paralysis, deflection of responsibilities, etc. This new situation is called **Post Traumatic Shock**.

Unless a rapid sobering occurs as an honest reflection of the situation, along with a rapid commitment to a “state of emergency”, and new solutions are found, the organization can slide into the **Collapse** stage relatively quickly. Collapse is characterized by a sudden decline in motivation, loss of hope and ambition, and at this stage, only basic, routine activities are performed. During Collapse pathological changes in the functioning of the organization become noticeable. If people in the company continue to labor under illusions, without having the determination to make urgent corrective actions, organizations can progress into the Coma stage.

**Coma** is the lowest stage when organizational activities and vital functions stop. It is a turning point as it is the last chance, the final moment of decision to get out of the crisis or let the company die.

Assuming that an honest reflection of the organization’s situation is accepted and that the need for radical change is understood, the organization has a chance to enter the **Awakening** stage. Awakening involves creating a vision to deal with the trauma and accepting the distinct short-term actions that need to be taken urgently. Awakening also requires the introduction of a state of emergency and the adoption of necessary measures by employees. It also requires experimentation with ways of working or with new or adapted products. If both management and everyone else continues to focus on completing short-

term tasks and significant cash inflows start to arrive, the company can recover and thereby enter the **Amplification** stage.

Amplification means that changes have been adopted, the first significant contracts have been entered into with clients, the company is once again being talked about in public and the first – perhaps modest – rewards are being shared for the short-term goals that have been achieved. With that, the company is ready to return to its normal lifecycle.

## Is your organization experiencing Trauma?

Take the survey to find out.

## Our upcoming events recommended for you

Webinar



**April 30, 2020 | Webinar**  
Hosted by Adizes Institute Worldwide  
**9am Latvia Time | 4pm Sydney Time**

Emerging from the Crisis: How to thrive and win.

Learn more and register

**May 1, 2020 | Facebook Live**  
Hosted by Heartful Adizes  
**8am PT Time, 8:30pm IST Time**

Tune in to your Heart with Dr. Ichak Adizes

Learn more and register

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**May 4, 2020 | Webinar**

Webinar



**May 5, 2020 | Webinar**  
Hosted by Adizes Institute Worldwide