

BNDES: a complex organization in a complex environment

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1. Introduction

Before starting the course of IMPM, I had various issues related to BNDES that bothered me. I have been superintendent (second hierarchical level of the bank) for almost eight years and I have many concerns, not about the current bank performance (which has been quite good), but about its future.

I decided to do this course to improve my performance as an executive. I could not imagine, however, that I was starting an intellectual journey able to make me think about myself and to better structure my reflections on BNDES.

In the first Reflection Paper I made a broad reflection on the BNDES culture through analyzing the strategic planning process, the existing power structure and values of BNDES. Though it is not essential, reading the first Reflection Paper will facilitate the understanding of the present work because I revisit these issues through the lens of Analyze Mindset. Metaphorically, it's like a trip made by an upward spiral where I pass the same point a level above and therefore having a different view approached I had in the first Reflection Paper.

Therefore, the aim of this paper is to present my critical analysis about BNDES from issues related to culture, strategic planning process, power structure and decision-making process in a complex environment. My premise is that the way that all these issues are approached in BNDES would be more appropriate in a mechanistic world. However, in a complex environment such approach brings some of the problems empirically verified by me. I also shall present reflections on what is my IMPACT.

This paper contains five sections including this introduction. In the second section, I present a quick analysis of BNDES with a look at the culture (I repeat to Cultural Web shown in my first Reflection Paper), its performance, strategic planning and the decision-making processes. While the tone in the first paper was the importance of reflection for personal and organizational learning, in this paper the glance on these issues incorporates the tools and acquired knowledge in module 2 having the importance of analyzing as its central axis.

In the following section, I shall return to the issues of the previous item recognizing that BNDES is a complex organization in complex environment using as the basis for my analysis of the book *Getting to Maybe* (Westley, Zimmerman and Patton, 2007). From the awareness that the environment is complex and the various unfolding that come from this perception, my understanding of the problems is modified and countless possibilities for action were revealed.

This model made me rethink the moment that BNDES lives helping me to better understand the process of change by which the organization is and to where, in my opinion, it should go. I became more optimistic about the chances of success in the changes that I believe is essential for the future of BNDES. In part, it happens because I improve my understandings about the social change process and, in part, because I was influenced by the appreciative inquiry framework¹. Although there is no certainty of success, the model makes clear that the path of organizational (or social) change is often long, hard and uncertain, but with broad chances of success if it reaches the proper **momentum**.

In the fourth section, I offer some reflections on what the desired impact on my organization from my participation in the course IMPM. I try to separate this IMPACT on personal and organizational field anticipating actions both in my area (Social Infrastructure Area) and BNDES.

In the last section, I present my conclusions.

2. BNDES in a spot time

BNDES was founded on June 20th, 1952 and it is a fully stated owned bank under a private law. In order to understand the significance of BNDES we can say that its size is similar of the World Bank. In 2012, BNDES had assets of around US\$ 350 billion being responsible for financing about 10% of gross fixed capital formation of the Brazilian economy.

¹ Framework presented by Brenda Zimmermann on module 2.

The maturity of Brazilian democracy demanding more transparency of state owned companies, higher demand for external and internal control, the huge increase of employees with high turnover (1,700 employees in 2003 to 2,800 in 2013 of which 2,250 have less than ten years) and the increase of areas were some of the facts that have increased the complexity of the operation.

Additionally, also contributed to this increase, the decision to change all work processes including the implementation of new IT systems and strategy in working cross-cutting themes (human resource shares, loans in conjunction with two or more areas and socio-environmental analysis in the supported projects) creating various interfaces required to perform the tasks.

As I mentioned in the first Reflection Paper, even though BNDES can be considered in an outstanding position when compared with the competitors (other Brazilian banks, Development banks and Multilateral Agencies), with a respected and well-known brand and with a young and well educated labor force, there are, *inter alia*, some quite important challenges which could be faced in the near future:

- . Strength of the economy possibly pushing BNDES into a new role (no more monopolist);
- . Dramatic changing to a new generation demanding more opportunities (job rotation policy, job challenging, better remuneration) apparently inconsistent with our inflexible structure;
- . Increase of BNDES' operations complexity withal the system and process management modernization;
- . Pressure to improve the operations in term of efficiency and, at the same time, the state auditors are being more restricted.

All these challenges bring together organizational paradoxes. Summarizing, although I consider that BNDES has a long and successful history, I guess the skills which bring the bank to a strong position so far are not the same that will lead BNDES into a better future. Indeed, I firm believe we are living a spot time (as Wordsworth defined) and it is very important to choose which new competences must be added to face the new coming world.

2.1 Quick view of BNDES's Culture – summary of the first Reflection Paper

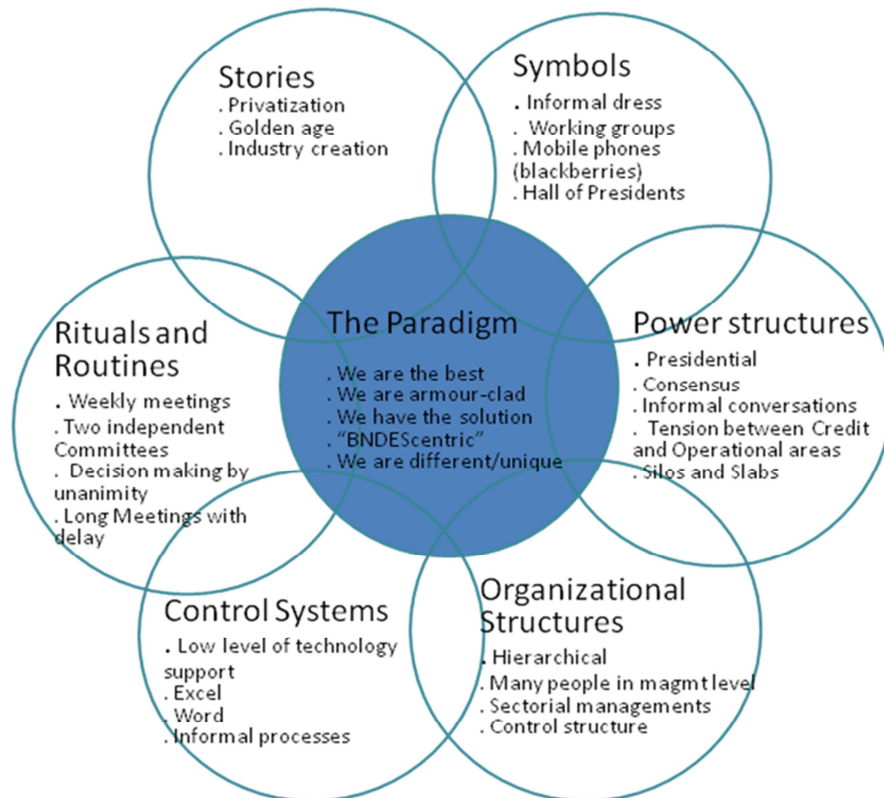
In the first Reflection Paper I did a brief analysis of BNDES' culture using the Cultural Web methodology. It seems that some historical aspects forged major cultural BNDES' characteristics. I observe that BNDES has a self-image as a hub of excellence putting itself on a pedestal. This concern has been explained as one of the bank's values (Excellence) and is perhaps one of the strongest features of our culture: the "*benedenses*²" have always had proud to work at BNDES and consider themselves "above the average".

This perception impairs a deep reflection on the main problems of BNDES hindering a more effective organizational learning. Although the excellence of its staff is intimately connected with the good historical performance of the organization I pointed out some side effects of that organizational trait (excellence as the second observation). This phenomenon I called *BNDEScentric* characteristic.

I also reflected on one important question relating to the "*dark side*" of *BNDEScentric* characteristic which is the difficulty of making a true reflection with authenticity. If we are the best, unique and special we lose what I called "cognitive modesty" (key feature for organizational learning) and easily move into the opposite side, the "cognitive arrogance" (the point where we do not learn longer).

² *BNDES' employees*

Researching culture: The Cultural Web



Another strong feature of BNDES' culture is the search for consensus during the decision-making process. Since people work in the company for many years (it is common BNDES be the first and only job of the employee) BNDES has developed a culture of always trying to accommodate tensions seeking of a decision which manages least "disgruntled".

As the consensus should be routinely produced, the organization chooses to strengthen the “Thinking First” decision-making process. The tendency is that consensus is reached deductively following the Diagnosis-Design-Decide-Do style (Mintzberg and Westley, 2000). This issue will be better explored a little bit further ahead.

2.2 BNDES: Deliberate or Emergent Strategy?

Mintzberg (1987) distinguishes two types of strategies: deliberate and emergent. In his text he states that there is no pure deliberate strategic planning since, in fact, there is a

false dichotomy between formulation and implementation. According to him, the formal strategic planning process should be more a consolidation of the emerging organizational strategies than a centralized formulation without the participation of the various hierarchical levels.

This dichotomy comes from the belief in the mechanistic paradigm where the world is predictable and, therefore, it would be possible to plan centrally so that the base could implement it. According to this paradigm, it would be possible to control and monitor the plan is being executed properly. Clegg identified seven fallacies of the strategic planning based on this paradigm represented as 7 gaps (Clegg, Carter and Kornberger, 2004). The gaps are between:

- (i) *managerial fantasy and organizational capabilities;*
- (ii) *actual, clear goals and possible unpredictable futures;*
- (iii) *planning and implementing;*
- (iv) *planned change and emerging evolution;*
- (v) *means and ends*
- (vi) *a planning head (management) and a planned body (organization);*
- (vii) *order and disorder.*

But thinking of these two types of strategies in a pure form, the deliberate strategy would be more appropriate in a low volatile environment where the movements are predictable and the emergent strategy would be more adherent when the organization is going over the edges.

As already mentioned in the first Reflection Paper, since 2007 BNDES has implemented a strategic planning process. This process has been institutionalized with 4 regular meetings per year whereas earlier planning used to be erratic (there were strategic planning processes in 1989, 2000 and 2003). An institutionalized process would have the advantage of bringing together top executives regularly to evaluate the strategy and adjust it when necessary (pause for reflection) forging a culture to make explicit the identified challenges and proposed solutions. However, I'm afraid of that is not the case.

When the Strategic Planning was launched in 2009 the President says: *"Planning process aims to give strategic direction to BNDES for the period 2009-2014, and is*

convergent with other ongoing projects as relevant to the management of the Bank: Agir Project³, the new operating model and implementation of a policy of human resource management by competencies. (...) The Corporate Plan should be updated annually and reviewed in depth in 2014. (...)”

A striking feature of this strategic planning process has been the centralization in Planning Director of all the "reflection." In the beginning of this process there was centralization in the Planning Committee (center-periphery model) but as the time went by the process has become less dynamic and less vigorous and the Planning Director has been assuming the role of "thinking".

This is a critical issue: even though I consider that BNDES is a complex organization, we could not discard the strength of the hierarchical culture that pushes BNDES to mechanistic paradigm of the power structure. The Planning Director takes advantage of this. The organization has not been able to balance the forces from both paradigms. We have been reinforced the deliberate strategic pattern.

Clearly, the Planning Director informs the ideas of the President inhibiting deeper reflections. The Plan-Do Model has been consolidated in recent years and the organization has decreased its ability to learn from experience. In fact, the excessive centralization in the Planning Area explains the trend of the strategic planning to become an operational short-term planning.

Instead of the Planning Committee be a locus for recognition and uptake of any emerging strategies, it remains a place where superintendents and heads of departments attend for receiving the strategy "developed" on a centralized basis. We can say that the committee looks like a stage for the Planning Director where the strategy is communicated.

In short, although the strategic planning process has been consolidated in the last 7 years, we have not been able to make it an effective process of organizational learning. We reinforce the belief in our competencies and we do not reflect on our weaknesses. We can also observe that there is a clear detachment between formulators and

³ Started in 2005, the AGIR Project is an initiative of BNDES in completely revises their work processes, including the development of a new program that supports the operations of the bank.

implementers, co-opting superintendents and heads of departments to be the implementers of centralized developed strategies. Finally, we are not reviewing *in depth* the Strategic Planning this year as the President said in 2009.

2.3 BNDES Decision-making: “Thinking First”, “Seeing First” or “Doing First”?

When one talks about the decision-making process always comes to mind the structure of problem definition, data collection, diagnosis, mapping of possible solutions, decision making and implementation. We can also add that we should evaluate the results and learn from them in order to improve this process.

This decision-making process is closely linked to the mechanistic paradigm and separates the problem structuring from implementation (very similar to the process of centralized strategic planning - deliberate strategy, discussed in the previous section).

We can also argue that this process fits in many situations, especially when the problem is simple or even complicated (Westley, Zimmerman and Patton, 2007), but not when it is complex. In several moments in an organization issues involve numerous unpredictable variables (internal and external) and decision-making cannot (or should not) follow this model.

According to Mintzberg and Westley (2000) it is possible to describe three different models of decision-making: Thinking First, Seeing First and Doing First described below:

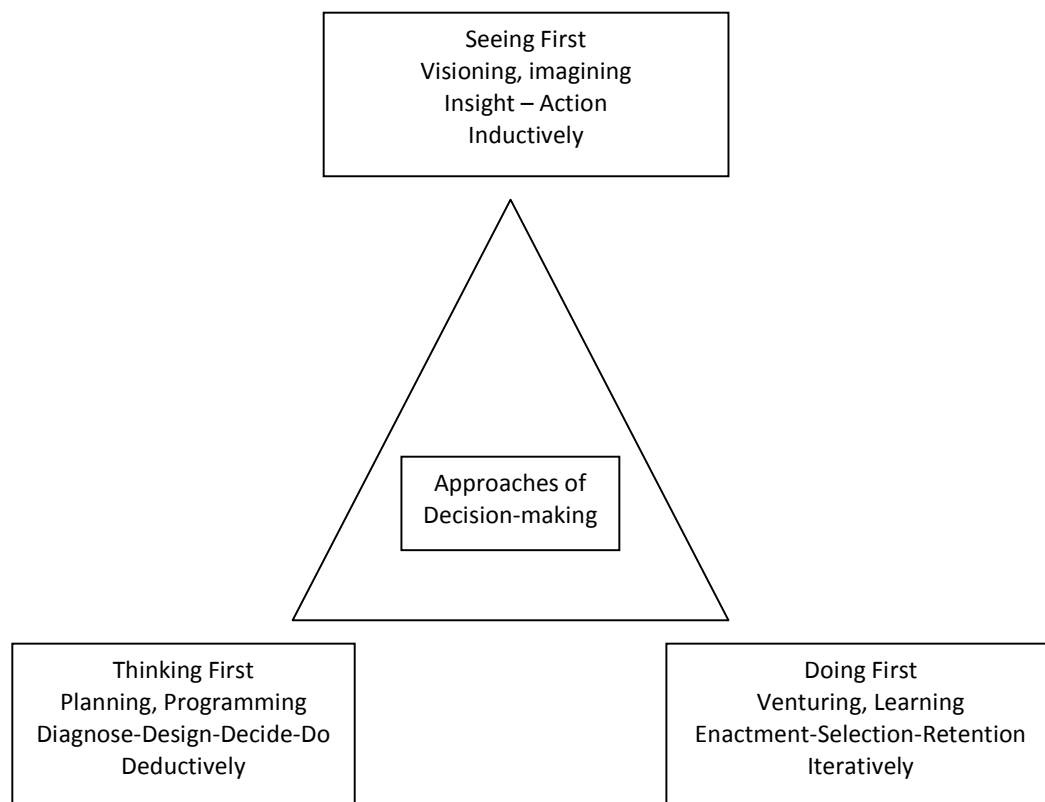
Thinking First – conventional decision-making as a linear process of defining, designing and then deciding – may be formally “rational”, yet it is often informally irrational;

Seeing First – where action is taken only after people see the issue – after there has been insight – may be a better approach where many elements have to be combined into creative solutions; and

Doing First – acting in order to think – may be preferable when a situation is novel and confusing, when things have to be work out.

Obviously these models are closely linked to the characteristics of decision makers: Scientist (Thinking First), Artist (Seeing First) and Craftsman (Doing First) type. Looking at the following figure, because we are stated owned company, a very weberian

organization (in terms of organizational structure) and have many difficulties in collect data I would point out BNDES management style at the base of triangle. I will come back to this point a little bit further ahead.



I would also say that BNDES is a hierarchical and presidential organization and, because of this the President has the tacit power to align the interests without much further reflection. Often, the "consensus" is obtained to follow the desire of the President and not throughout the debates and decision-making process.

However, as an autocratic decision conflicts with established governance for decision-making (collegiate decisions in, at least, two committees), there is a huge cognitive dissonance between what should be done and what is done. In this respect, this conflict has influenced the ascension of people who identify themselves better with this decision-making process (search of consensus). Naturally, people who generally

relinquish positions on behalf of an agreement have been highlighting in organization and ascending through the structure.

Indeed, if we examine the personalities of the Board of Directors and the Committee of Superintendents (first and second hierarchical level of BNDES) I have noticed more Evangelists than Critical Thinkers (Turnbull, 2001)⁴.

The presence of Evangelists in the Management Committee makes difficult an authentic debate. Although these professionals are very committed to the organization I guess they could contribute more. However, it would be necessary to create a most favorable environment so that their views could be heard and discussed in order to improve the real governance.

While we are not able to create such environment we reinforce the only possible decision-making process for achieving consensus: Thinking First. A state owned organization which the control structures have been intensified and there hasn't been a suitable environment for new ideas Thinking First model appears more appropriate because it takes a premise that the decision is based on the facts analysis. In this environment, the consensus is only possible on the assumption that the problem is defined, diagnosed, structured and only then the decision taken.

Here there is a contradiction because we have a decision-making process that requires the data collection but we have enormous difficulties in obtaining reliable data (both Big and Small Data). BNDES has also old work processes with huge problems to renew them (as I said the AGIR is very late in its implementation) and with very little IT support.

Thus, as the consensus is often "forced" the decision makers postpone decision making requests for more information. This process data searching (just to postpone the decision making itself) requires a long time (sometimes months or even years when the subject is complex).

⁴ *Evangelists are intensely loyal to the organization, but uncritical with a tendency to take messages at face value. It's very common they tell what you want to hear. The Critical Thinkers are a vital group of any change program, even if small in number: critical, constructive, honesty, but high committed. They are a crucial sounding board to test ideas and not afraid to ask awkward questions.*

When the subject is related to corporate cross-cutting themes such difficulty in our governance becomes more evident. Lately, we have tried to discuss topics as a review of work processes - AGIR (nine years), new IT policy (since forever) and new jobs and salaries plans (at least three years). In all these matters, the discussion does not flow properly in the superintendents committee, with clear interference of Directors and the President.

Once more, this tacit agreement that the "Thinking First" model must be used, no matter the nature of the issues discussed at BNDES, has led to diminish its ability to open up spaces for new ideas and discussion on possible futures for the organization. In fact, BNDES has not been able to explore all the possibilities that one complex organization can enjoy. We should go forward and break some mindsets.

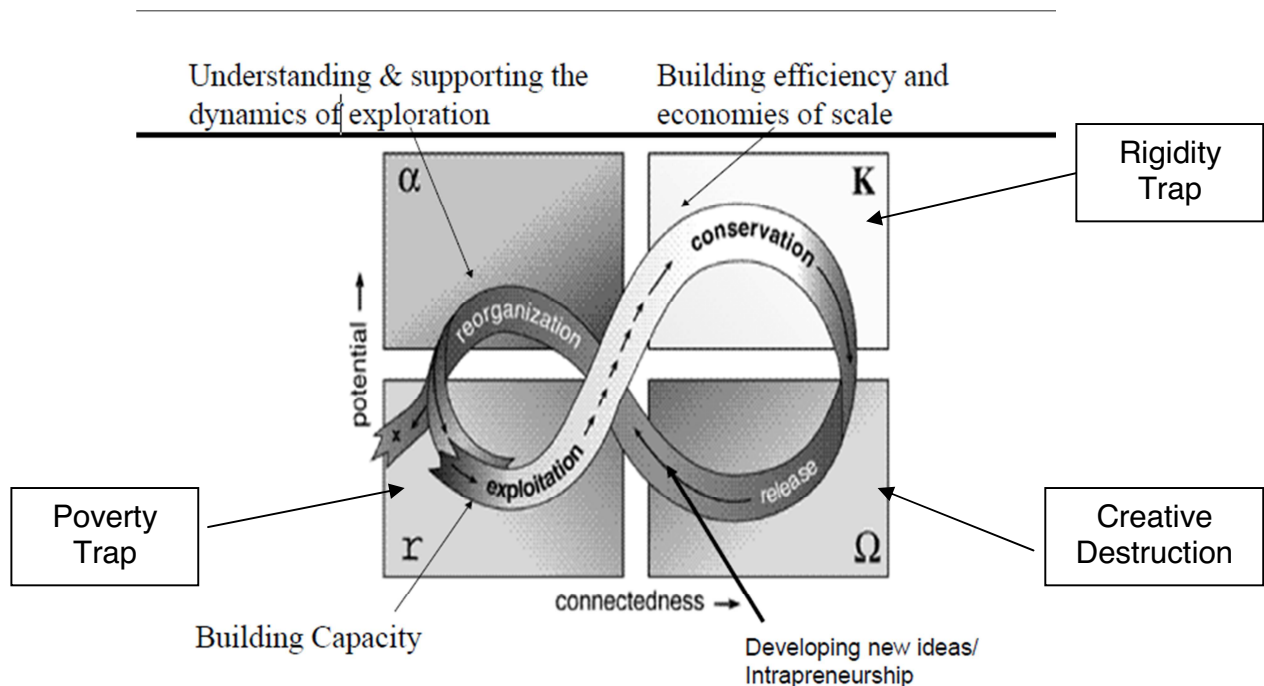
3. BNDES – a complex organization in a complex environment

The analysis of this section is based on the book *Getting to Maybe* (Westley, Zimmerman and Patton, 2007) whose proposal is to encourage people to deal with uncertainties and, from them, to observe opportunities in a complex environment and have the courage to begin the process of change. According to the book, *"times of great complexity offer the possibility of transformation"*. Change: exactly what I guess BNDES needs!

I'm not saying that BNDES has to change everything. I do know that change and continuity are false dilemmas, but I think there are times when one or another force should be the driver. I firmly believe that at this moment the driver should be **change** and I realize that there are many forces that understand it ought to be continuity. This is a permanent tension.

The main feature of a complex environment is the difficulty of predicting relations of cause and effect. A productive organization can be surely considered a complex environment from the numerous relationships between employees and between them and their stakeholders (here understood shareholders, customers, suppliers, government and society in general).

The following figure shows a social system acting in its many steps which can be perfectly applied in an organization such as BNDES taking into account the life of the business, its products, its organizational structure or any other social processes. The figure is called an Adaptive Cycle by Holling⁵.



Given that the growth of relationships in a social system increases enormously the complexity of any system, BNDES is an example of this phenomenon which may have experienced by those who have lived the last ten years, as already shown in the item 2.

Over recent years, from the consolidation of the strategic planning process, BNDES has set quite diverse priorities (infrastructure, small and medium enterprises, internationalization, innovation, environment and capital goods industry). The impact on the organizational structure of these priorities has always been to create new areas that absorbed the responsibility of these themes.

⁵ Gunderson, L. H and Holling, C. S. *Panarchy: Understanding Transformations in Human and Natural Systems*. Washington, D.C.: Island Press, 2002.

There has always been difficulty in establishing priorities and reform the structure without increasing it. The culture of consensus combined with existing feudal interests led the Board of Directors to hire more people and increase the structure without deeper reflection of the impacts of that decision. The growth of the structure not only imposes higher costs but also (and especially) complicates the relations of power (more silos and interfaces) since the consensus must be achieved among the superintendents of the areas. It is needless to say that the more areas, the more difficult to achieve the consensus.

Furthermore the AGIR project (which meant a revision of processes) and rapid staff renewal intensified the power struggle of the silos and slabs. Currently, not only superintendents defend their silos, but also the staff renewal introduced different interest groups within the slabs. Clearly I perceive a gap between the higher hierarchical levels (superintendents and heads of departments) and lower (managers and technicians). This detachment is materialized in different expectations about work and professional maturity reflecting the commitment of these different slabs.

Reflecting better about what has happened in recent years, the increase of the staff and organizational structure can also be explained by two factors: the numerous priorities established by BNDES Planning Committee and self-image "*benedenses*". The "*benedenses*" see themselves in the work as a craftsman. Thus, as the strategic planning established several priorities the mechanistic solution was to increase the number of the staff since the employees impose enormous resistance to deploy, even partially, the machine model in their work processes. The natural consequence is that the number of employees and areas increase exponentially the complexity of relations between areas hampering the improvement of the bank's efficiency.

In this theme, there is clearly a dissonance between what we do and what we should be done. Our work processes should be mostly organized as machine but we are organized as a craftwork. In order to facilitate the efficiency improvement we should have our self-image as a worker not as a craftsman. Paradoxally, if we were organized as a machine, probably we could have more free time to reflect deeper on our weaknesses increasing our capacity to innovate.

Following the same paradigm (mechanistic), there has been increasing portfolio BNDES' financings products. Each new challenge has been answered by the creation of a new product without a review of the existing portfolio. In short, the bank's growth occurred in numbers of areas, the staff, disbursements and number of products without to rethink its working processes.

Additionally, there was a determination of the Strategic Planning Committee to incorporate the analysis of credit from BNDES, the so-called cross-cutting themes. Besides the analysis of credit and project implementation risks (ever analyzed) technicians should also analyze the environmental risk factors, social and regional impacts as well as opportunities for technological innovation.

By joining the recent growth of BNDES (in number of employees, areas and loans), the society pressures for more transparency, a culture of consensus decision-making process and the reluctancy of the "*benedenses*" to streamline processes, my hypothesis is the exhaustion of the current model recognizing BNDES, at present, in a Rigidity Trap, which means that the point of the social process needs to open space to new ideas.

I have thought about the ability of BNDES to present different solutions to current problems once the existing environment is very different from that in which the work processes, organizational structure and decision-making processes were established. In my evaluation, the responses of BNDES are similar in nature: more structure, more people and more consensuses. I believe that the term trap is perfect as it is exactly how I feel: trapped⁶. This is exactly the definition for the rigidity trap⁷: "*when we can only see one way to do things, we run the risk of the rigidity trap*".

Why BNDES got here? Because it has been a resilient organization, defining resilience as the quality capability of BNDES to have been experiencing radical changes in the environment without losing its original integrity. Over the years BNDES has been able to balance change and stability making them working together. However, by the model

⁶Interesting that I had already used in my first Reflection Paper the idea that I felt trapped in a web unable to do anything about changes in BNDES. Now, I found the idea that, in fact, the organization itself is trapped.

⁷ (Westley, Zimmerman and Patton, 2007)

used in this item, after a long period of growth and balance, the system (in this case BNDES) should allocate energy to the necessary changes. Currently, all energies are allocated in maintaining the *status quo*. The economist Schumpeter called this necessary change of creative destruction.

The change of the system can be given by internal forces (decisions after appropriate reflections to reallocate resources to change what must be changed) or by external agents of change which can be, among others, the market, the society or the government. However, when the system is changed by external energies, their disarticulation can be harder, longer and deeper than necessary.

Herein lays my worries! In the first Reflection Paper I stated that BNDES lives its spot time (as Wordsworth said). Working out better this issue, BNDES shows signs of being living in a moment of depletion in Adaptive Cycle Model (Conservative quadrant, Rigidity Trap). After a long growth cycle (in various dimensions) the organization has lost its ability to reflect with authenticity about their main issues hindering to find different solutions.

We can see these signs in different perspectives.

The first obvious perspective is the very centralized strategic planning process with an exaggerated belief in the deliberate strategy. There is very little space in the organization for new ideas, new ways of dealing with problems. It is interesting to note that the "*benedense*" resists making them automate processes with feature machine (Excellence of the craftsman).

There is a contradiction in the operational model where efficiency would demand a production's process organization like machine and self image "*benedense*" demands an artisan process. We find the same tension in terms of the design of the organizational structure. In fact, although the structure is a typical Weberian Machine type, "*benedenses*" design their operational model from their self-image like a Professional Bureaucracy (Mintzberg, 1981).

However, paradoxically, although the operational model is like a craftwork, we have become the strategic planning process mechanical (perhaps the most important

process and one that would be less advisable to have the characteristic of machine) turning it into just a fulfilling power points. This moment, which should be free to think allowing the incorporation of the emerging strategies, the process is very centralized and bureaucratic without a real involvement of the various hierarchical levels.

Classic strategies models, like ours, encourage people to think long and hard, gather all the data and then, act as if everything is logical and can be anticipated by careful planning. The basic premise is that the environment is complicated and the paradigm is mechanistic. It's not my premise. BNDES is a complex organization in a complex environment. As Zimmermann⁸ said, *"the need for ongoing reflection is shaped by the fact that in complex systems, no pattern stays in place for long and no intervention has a predictable result"*. And I could add that the reflection must be done with **authenticity**. In summary, we have a mechanist strategic planning process, and a craftworks operational model! We do our job thinking too much and we think mechanically.

In terms of the decision-making process, BNDES seems to be monochord: the consensus is searched for almost any kind of question evaluated. Adding to it, BNDES' difficulty in setting lower levels of decision-making authority (most of the issues are submitted to the Board) and the recent expansion of financing products; I think the consensus decision making process is archaic.

Again, BNDES is stuck to one way of thinking. Mostly when the issues for decision are related to corporate cross-cutting themes (human resources, IT, pension fund) the difficulty of this unique mode of decision-making is more evident because there is a wide participation of the areas, a lack of power in the lower levels, divergent interests and consensual leadership. Here, we can clearly characterize what Langley calls "Paralysis by Analysis" both types: in a "Dialogue of Deaf" or "Vicious Circle".

Another sign of exhaustion of this model regards the number of employees and the impact on organizational structure. During the last 10 years, always when BNDES faced new challenges, the decision was to increase the number of employees and create new structures. The logic behind this decision is the excellence of *"benedense"* in everything

⁸ (Westley, Zimmerman and Patton, 2007)

we do. So, do not rule out anything, just add missions and for that, we need more people.

Thus, we have increased the internal interfaces (more areas and departments) as well as external interfaces (more ministries and institutions). The natural consequence was the exponential increase in the complexity of our activities. In this growth process we duplicated structures (sometimes tripled), overlapping responsibilities and making it difficult our internal and external relationships. Internally, it is very common we do not know to whom is certain assignment. Externally, often two or three areas deal with the same institution or client without coordination, causing noise in the communication.

However, in the short term it is not possible to increase the number of employees anymore (the Brazilian government authorized a maximum of 2850 employees) and thus, it doesn't make sense to create new structures anymore without reviewing the existing ones because there will be no more people available to work on them. For the first time in years, we'll have to work with real restriction on number of employees. Henceforth, it will be a zero-sum game.

I think we have a great opportunity to think about our priorities and our work processes. We can apply the concept of creative destruction, thinking of new ways of organizing ourselves to have more motivated and engaged people at work. For now, we are trapped in the concept of the more the better because we always had the opportunity to have more. There was very little discussion about how we optimize our structure to face our challenges. Paradoxically, BNDES has grown its structure and clearly there is a sense of deterioration of our performance in terms of efficiency.

Another issue concerning the efficiency is the way we organize the work in existing areas. The culture of BNDES induces a positive correlation between the power in the organization and the number of employees under one's command. This culture (again, the more the better) does not encourage the managers (of any hierarchical level) to seek new forms of labor organization. Once the manager receives a new challenge, the premise is that he will get more people and preferably a larger organizational structure. There is no incentive to do more with less. From now on, once the game should be zero-sum, we have to create such incentives.

I firmly believe that only with restricted resources (financial, human, or any other type of restriction), BNDES will initiate a genuine process of deep reflection towards the optimization of its processes. This statement is valid for the operational areas, support or techno-structure (Mintzbert, 1979). The culture of leniency with the use of the various resources available has deep roots: consensus as a decision-making process (even if that decision take more time to be taken), the monopoly of TJLP, the excellence of the staff along with the perception of the importance of craft work. The rapid growth in recent years and the historical success of the organization forge a very similar scenario described by Miller in his book.

Miller⁹ (1992) studied companies that at one point were very well known for its excellence (exact the point that BNDES is nowadays). But it's very common that, like Icarus in flying too close to the sun forgot that his wings were made of wax, people from these companies forgot what led them to the top and at the moment of greatest success they found themselves knocked off course by rivals they didn't even see coming. That's the Rigidity Trap. That's the opportunity to initiate a creative destruction in order to release energies trapped and stimulate entrepreneurship so that new ideas and working models may arise.

4. What is my IMPACT?

Although this paper's criticisms seem to be pretty tough when we evaluate the results of BNDES (which have been awesome), I opted for this strategy in order to not be caught by the strong cultural trait of the organization: the evaluations of our performance are always good but without an authenticity required to learn from the mistakes and incorporate learning in new actions.

Such criticisms are shared by quite a few superintendents. However, usually when some of these criticisms are put in Management Committee meetings for discussions, I realize that the strong cultural trace of not struggling still preclude a deeper authentic

⁹ Miller, Danny. *The Icarus Paradox: How Exceptional Companies Bring about Their Own Demise*. New York, Harper Collings, 1992.

reflection. Currently, we do not manage even to discuss some relevant themes in this Committee.

From learning in modules 1 and 2, I have reflected about my anxieties about the future. I understood that, although I can't implement alone the changes that I believe are necessary to BNDES, I can clearly act in three different levels: in my personal development, in management improvement of the area in which I am the superintendent, and on my performance in the committees' meetings.

Understanding myself helps me to reformat my actions constituting the example of what I understand to be important to change. I should better understand my difficulties in managing and try to overcome them. Thus, I must work better the issues which hinder my personal performance. From my self-analysis I realized that I should improve **my listening skills, ability to communicate and my capacity to make the right questions**. Although it is not easy to change these characteristics, I have been trying to perceive the daily opportunities to practice minor enhancements in my attitudes. As Seashore¹⁰ said, *"the simplest way we know to talk about Use of Self is to link the concepts of self-awareness, perceptions, choices and actions as the fundamental building blocks of our capacities to be effective agents of change"*.

Regarding the management of my area I have implemented procedures which are not still corporative, but that I believe it is essential to improve communication among the various hierarchical levels. Every six months there is a process of agreement to be executed to the next semester and a review of individual performance in the last six months of each employee in the Social Infrastructure Area. I encourage people to talk during the agreement with the intention of improving communication among the team.

Another initiative about management, I promote an annual seminar of business alignment and, in March this year, we worked on how we could improve the team behaviors developing characteristics such as proactive approach, team development, communication and assumption of individual accountability in achieving the goals set.

¹⁰ Seashores, Charles N., Shawver, Mary Nash, Thompson, Greg and Mattare, Marty, 2004

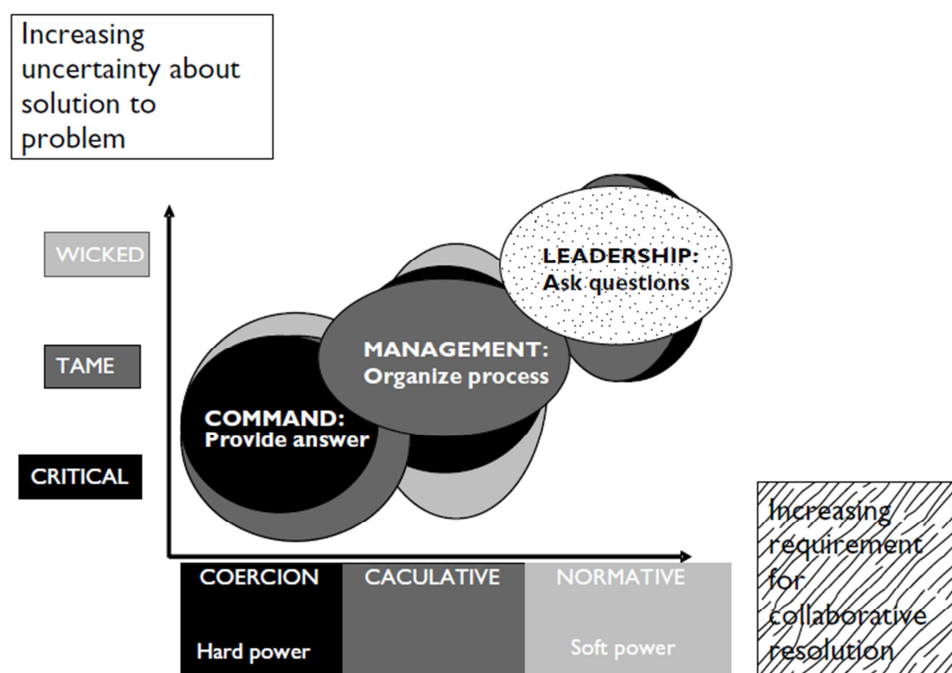
I would say that my management style is a mixture of science and craft. I always have the tendency to respond to questions submitted onto me. In fact, I always have opinions about the problems that the area faces, and I think because of this feature, I have framed a relationship with many of the executives of some dependence inducing them to avoid taking responsibility for their work. From this diagnosis, I decided to work on behavioral issues along with the executive team at the seminar this year.

To prepare the event, we researched the area executives' profile (see the following figure). Over 50% of executives have a style similar to mine (at the bottom of the triangle moved to the Artisan). Interestingly, this characteristic indicates that the executives team rely on experience to make decisions (have very little vision and some science characteristics), but in an environment where executives do not have much experience since BNDES had a huge turnover in the past 10 years. The average working time as managers of the Social Infrastructure Area is approximately four years. Apparently, we lean on something (experience) we do not have much!

I would like to advance the premise that the Social Infrastructure Area is BNDES' representative as a company which means that this phenomenon is happening all over the bank.

Looking at the figure below (Grint, 2005), I find my performance as a manager somewhere between Command and Management because while I have a tendency to give answers to questions brought to me I have also sought to organize the processes of the area. However, as Robert Fritz¹² said, *"If problem solving is successful, you might eliminate the problem. Then what you have is the absence of the problem you are solving. But what you do not have is the presence of the result you want to create."*

My personal challenge is to improve my performance as an executive moving from where I am (between Command and Management) to reach Leadership. The path for this is, as I already said, to develop my listening skills, ability to communicate and my capacity to make the right questions. Actually, I could point out a paradox here: if I develop such skills I'll be downplaying traditional "leadership" and pushing the Social Infrastructure Area toward a Community¹³. It seems to be a hard and long way.



¹² Fritz, Robert. *The Path of Least Resistance*, PPT presented by Brenda Zimmermann on module 2.

¹³ Concept presented by Mintzberg on module 2.

Finally, I firmly believe that if I manage to improve the Social Infrastructure Area management level, I could be showing to BNDES that it is possible to do different in a specific place. This, maybe it is possible to change the pattern in the whole company. It can be ambitious, but I can trust in the concept of scalar invariance which is *“at each scale from very small to very large the rules, and the dynamics, remain the same. In essence, you can see the whole in the parts”* (Westley, 2007). In other words, if it is possible to implement changes in one BNDES’ area (subject to the same cultural traits already described in this paper), we may have found a way to start a more profound shift in the organization. Although it is an optimistic assumption, I realize that as the Social Infrastructure Area is under my command this is the only place where I can try to implement my ideas.

The other front I’ve been working is my performance on committees (I attend two committees of superintendents and eventually replace the director on the Board). As I mentioned before, I firmly believe that it is necessary to improve the level of reflections on the committees. It is necessary to encourage more authentic and effective participation of all superintendents in these committees. After Module 1 I have been trying to overcome my personal difficulties and to give my opinion in a clear and authentic way. It is important to remember that authenticity in our culture is often frowned upon because it is considered aggressive.

My premise is that being clearer in my opinions I will be encouraging that there is some improvement in the debate on relevant issues and I will be able to identify on these committees others that are aligned with my opinions too. Here it is very important the belief of the “Tipping Point” popularized by Malcolm Gladwell in his book of the same name (Westley, 2007). A lot of social system (like an organization) needs only 5 percent level in order to reach a *“phase transition threshold”*, a point at which a system transformation seems to occur. Of course, I’m not saying that 5 percent is enough in BNDES, but I believe that what we need is a critical mass of “Critical Thinkers” in order to shake the organization.

Additionally, I am participating in a sub-committee (of the Management Committee) for human resources which is being discussed **rotation executive policy, impacts on**

BNDES culture of recent employees renewal and the process of the organizational structure review.

Here is an important observation regarding this sub-committee. I am responsible for an operational area, and when I was called to be part of this sub-committee I identified an opportunity to influence the debate on issues related to human resources policies which, as already pointed out in this Reflection Paper, are essential for the future BNDES because they are considered cross-cutting themes. Particularly, I do understand it is important that BNDES enhance the process of reviewing the organizational structure to face an eventual change on the Board next year.

5. Conclusions

As I mentioned before, I decided to do the IMPM course due to my anxieties about BNDES. I work in an organization which has a good working atmosphere, an attractive package of salary and benefits and a recognized market performance. Yet I feel uneasy because I think we could be much better than we are, especially in building a company more capable to answer the challenges ahead. I firmly believe that we are not so efficient as we could, but I feel a little bit isolated in this belief.

I tried to give a new look into several issues I discussed in the first Reflection Paper, now from the perspective of the analysis. Somehow, I realize that a considerable part of the "analysis" done in BNDES is "fake" since there is clearly methodological deficiencies and often low confidence in the data available.

Many factors contribute to make it happen: we are a state owned bank audited by various organs of control, we have a complex decision-making process where all decisions are by consensus, we prioritize the model "Thinking First" and have huge weaknesses in IT infrastructure (hardware and software). The consequence of this situation is the known phenomenon (especially in corporate cross-cutting themes) called "Paralysis by Analysis" (too much analysis).

To make things more complicated the characteristics of BNDES' executives are, apparently, "Doing First" (assuming that the Social Infrastructure Area is a good proxy

of BNDES), ie, they rely on experience that does not have due to the large recent employees' turn over.

There are also strong difficulties to adapt the organizational structure to the operational model searching for more efficiency. There is a belief that the quality of the staff's work is closely linked to the model craftsman hindering to set machine model solutions. There is a clear cognitive dissonance between what "*benedenses*" do and what they should do provoking many complaints of Stakeholders.

Impacted by a culture that any additional challenge leads to increased organizational structure and people (vision artisan production) BNDES experiences a swelling in its structure decreasing its ability to carry out innovation (process, product or organizational). Thus, the creative destruction could give rise to a new look on structure capability of meeting the challenges.

In relation to the strategic planning process and the organizational structure, I can say that BNDES suffers from the same problem. Due to the overall growth of BNDES (disbursements, number of employees, number of areas and departments, expansion of the activities' scope) the organization seems to have been caught in the "Rigidity Trap" reaching depletion in their ability to solve the challenges presented.

It can be said that the lack of authenticity in discussions and overestimation of the process make meetings become boring and unproductive. The result of seven years of this uninterrupted process are 42 indicators, 15 "strategic" initiatives (in fact they have very little strategic) and a general dissatisfaction among superintendents. Here, I point out a paradox: BNDES has a Craftworks operational model and a Machine Planning model!

As the mood of the planning committee is not reliable many of the decisions are accompanied by many requirements that hamper their implementation. In an increasingly complex environment, we have unnecessarily sophisticated solutions formalizing procedures and preventing other innovative processes come to light. Without much reflection about the problems caused by the absence of authenticity, we ended up using the concept of Max Specs instead of Min Specs.

Metaphorically, I understand that the Mindset Reflection and Analysis are the foundation of a building called management. It is clear that “the building” will not be functional if the other three Mindsets are not incorporated (Gosling and Mintzberg, 2003) yet.

In the first Reflection Paper I said that I firmly believe that BNDES is experiencing a “spot time” and we will have to rethink ourselves in the light of the great challenges ahead. I also said that I have been concerned about issues more objective like convergence of interest rates in Brazil, BNDES dramatic generational change and implementation of new processes supported by information systems, but I understood better the biggest challenge we have: **we must introduce in BNDES reflective practice in the discussions and improve our learning capacity. The executives should become reflective practitioners.**

Indeed, the difficulty of BNDES in developing more the everyday processes of reflection is largely the reason of the problems reported in my two papers. In Lancaster I recognized that BNDES is experiencing a "spot time", and in Montreal I advance the hypothesis that this "spot time" constitutes, in fact, a “Rigidity Trap” and only with authentic reflection we can evolve into a creative destruction. Thus, there will be a release of energies (which today serve to maintain the status quo) for the construction of a BNDES better prepared to face the challenges ahead. We must change in direction of developing a double looping learning organization (Argyris, 1977). Otherwise the creative destruction can come from outside making the longer and more painful process being more difficult to control.

Here, I would like to stress another paradox: even to continue its trajectory of “structured hierarchical” organization, BNDES should learn to accept-tolerate some complexity. We must face this challenge with authenticity. Perhaps moving the organization across hybrids and accepting the combination of change and continuity might be of some help.

Finally, I understood as a personal learning that I should start being the change that I understand to be necessary for BNDES’ executives. I began think about the features I should try to change on me. I have also started changing my attitudes when I participate on committees. The road is long and challenging because it affects part of my

psychological structures already consolidated. Knowing how to listen more, face the hypocrisy of the organization and be more authentic in my actions and words, and finally, develop the ability to ask the right questions are a huge personal challenge. I understand it is essential that the future superintendents have a better preparation for managing than my generation had.

Taking over an optimistic assumption, I understand that the example of some (and I am not alone in this anxiety for changing) may co-opt other dissatisfied executives leading the process of changing its point of no return (Tipping Point). Although co-opting was not developed in this paper, it might be a good guess for the next module.

This is my current bet!

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