In-house Consulting – an answer to building change capacities in complex organisations?

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Abstract

Systemic in-house Consulting (SIHC) is a new phenomenon in many German-speaking multinational companies. Triggered by the increase in parallel change projects (particularly in bigger organisations), SIHC faces an almost Munchhausen-like paradoxical task: to consult and change organisations from within. In this article, we explore the SIHC phenomenon and argue that increasing change needs have the potential to stimulate organisational change capacity. SIHC can also be interpreted as one way to build up internal change capacities. The article illustrates the new SIHC phenomenon, using the case of an automotive supplier building up SIHC as a resource to cope with the multiple, heterogeneous and parallel change processes.

Systemic In-house Consulting, Multiple Change, Organisational Change Capacity,

Introduction

Organisations today are facing multiple forms of change, leading to increased uncertainty (Sturdy, Wylie, & Wright, 2013) and the necessity to develop capacity for managing change (Meyer & Stensaker, 2006). One typical and frequent organisational reaction to cope with change is hiring external consultants to support current change processes, to gain additional resources and knowledge (Mohe, 2005). Other organisations try to invest in the enabling of their managers, allowing them to develop skills for handling change processes more effectively (Scamperle & Bohn, 2015). While the former means that the external consultants need to be managed and their departure often leaves the organisation to its own resources, the latter often leads to focus on managing just single projects and strain on individual managers. Neither approach particularly encourages organisation-wide change capacity development.

One interesting phenomenon in the German change management field is ‘systemic organization consulting’ (SOC), a practice strongly influenced by system theory (Luhmann, 1995, 2000). The SOC has developed in the last 30 years from a niche phenomenon to a well-recognized consulting approach in German-speaking countries. Compared with traditional management consulting approaches, SOC differs in its analysis of organisations from a system theoretical perspective. This theory holds that organisations are constituted of communication, leading to the incorporation of systemic consulting principles (e.g. consultant neutrality, reflexivity, multi-perspectivity and a systemic understanding of interventions) and the application of systemically inspired tools (e.g. second-order observation, appreciative inquiry, solution-focused questions, clarification of context and expectations) (Schumacher, 2013).

Zooming in on the field of SOC, a less-visible phenomenon - the systemic in-house consulting (SIHC) – comes into focus. Systemic in-house consultants work like their external

colleagues and, for many of them, the systemic approach serves as a central reference for their professional standards and reflection of their own practice. Within organisations, SIHC departments are often referred to as ‘organisational development’, ‘change management’, ‘in-house or internal consulting’. However, unlike their external counterparts, SIHC doesn't always wait until their consultants are invited for a change project, but reacts proactively to signals of weakness. They also – because they are a part of the same organisation as their customers – interact more closely with management (Krizanits, 2009).

Although few statistics exist about the dissemination of the in-house consulting phenomena, studies assume that up to 150 German companies and 2/3 of DAX companies have established own in-house consulting departments (Richter & Wendlandt, 2010), with about 2,600 consultants. Companies like Bayer, Deutsche Bank, or Volkswagen have not only established their own in-house consulting departments, but have also founded a “dichter dran” (‘being closer to’) initiative with other companies' in-house consulting units (<http://www.inhouse-consulting.de>, 2.10. 2015). However, ‘In-house consulting’ covers a wide spectrum of different activities, ranging from e.g. process optimisation strategy consulting to change management and it is not really clear how many SIHC departments already exist.

The number of education programs, masters’ courses, seminars and training sessions offering systemic training in organisational development and change management suggests a conservative estimate of 10,000 people who have undergone training and work in organisations (Krizanits, 2011). However, there is no precise and reliable data about SIHC dissemination.

The article explores the phenomenon of SIHC, based on the observation that (particularly) bigger organisations have established a systemic form of SIHC for organisational

development and change. The focus of these departments ranges from change management and team development to strategy development and coaching. One of the astonishing aspects of the SIHC phenomenon in German-speaking countries is the fact that professional self-understanding has been strongly inspired by Niklas Luhmann's theory of organisations (2000), leading to the prominent and often-used term "systemic organisational consulting". The development has even led to a lively discussion of different consulting paradigms (Schumacher, 2011), comprising expert- and process consulting, as well as combined forms like "complementary consulting" (Königswieser, 2008) or the "third modus of consulting" (Wimmer, 2007).

Our article was originally motivated by the second author's necessity to explain the SIHC phenomenon in his own company to managers not yet familiar with this consulting approach. Thus, in this article we want to illustrate SIHC and explore in-depth how an organization builds its change capacity using an in-house consulting department. We take a phenomenon-driven research approach to display a real example of an in-house consulting department development in a multi-national company to offer insights into how organisations build up their change capacity. We apply a phenomenon-driven research (PDR) approach, which is especially useful for exploring new, relevant and interesting phenomena, requiring explanation, differing from research that treats practice merely as an arena for theory testing (von Krogh, Rossi-Lamastra, & Haeffliger, 2012).

The article is structured as follows; first, we briefly outline the challenges organisations face in establishing change capacity. Then, we outline our method, briefly introduce systemic consulting in Germany and describe the empirical context. Next we present the case of a German automotive supplier consulting department and illustrate its actual activities, using

three concrete consulting projects. Finally, we discuss the implications and requirements of consulting from the perspective of in-house consulting.

Multiple and simultaneous organisational changes

Despite the predominant and (somehow limiting) research focus on single, or individual, changes in organisations – particularly larger organisations – research and practice is still searching for approaches to manage multiple simultaneous change processes on different levels (Pettigrew & Whittington, 2003). These parallel changes can be portrayed as different interwoven processes of, e.g. merger or post-merger activities, continuous improvement efforts, or development of new organisational designs etc. in parallel streams of activities. From an overall organisational perspective, isolated management of these co-present different change activities risks ignoring adverse systemic effects on daily operations, as well as parallel - or later - change processes. This is a challenge especially confronted by larger, more complex, multinational organisations (Miller, Greenwood, & Prakash, 2009) that need to constantly change and reinvent themselves. Unfortunately, existing predominant models of change, like Lewin's (1947) three-step model (unfreeze-move-refreeze), Kotter's (1996) eight-step model, or the punctuated equilibrium model (Tushman & O'Reilly III, 2006) suggest a rather narrow perspective on the dynamics of organisational processes in a tangled world.

The overall organisational perspective on simultaneous change activities - particularly in larger and international organisations - is frequently neglected in both practice of, and research on, change management (Schwarz & Stensaker, 2014). In practice of change management, individual managers and external consultants are often both unaware of parallel changes and the resulting dynamics, instead focusing on a single change project. The question of how to develop change capacity to handle these simultaneous changes is still under-researched; primary focus is on depicting and exploring changes as isolated events. Pettigrew and Whipp argue that one main challenge for organisations in the field of change management

is to establish ‘the ability to manage a series of interrelated and emergent changes (often in parallel and in sequence)’ (1993, p. 20). Observations like these spearhead demand for empirical studies to explore how organisations are building capacities for change (Meyer & Stensaker, 2006).

Organisational capacity for change

The capacity to manage change has been identified as a competitive advantage and a prerequisite for organisational survival (D'Aveni, 1994); organisations' need to develop this capacity has been widely recognized (Levinthal & March, 1993; Meyer & Stensaker, 2006; Pettigrew & Whittington, 2003). Practitioners certainly realise the need to increase their capacity for change, as the following case clearly proves. Interestingly, scales have even been developed to assess the organisational capacity for change (Judge & Douglas, 2009).

Practitioners' and researchers' increased interest in change capacity has inspired various theories (Soparnot, 2011) and several definitions of how change capacity can be understood (Meyer & Stensaker, 2006). For the purpose of the paper we will follow the suggestion of Soparnot - inspired by Pettigrew's (1985) multidimensional perspective - to understand change capacity as an organisational ability 'to produce matching outcomes (content) for environment (external context) and/or organisational (internal context) evolution, either by reacting to the changes (adaption) or by instituting them (pro-action) and implementing the transition brought about by these changes (process) in the heart of the company' (2011, p. 642).

Understanding change capacity as an organisational ability presents the question of how this capacity is formed, especially in complex, international organisations. In the following, we present SIHC at one of the largest automotive suppliers, as an example of how organisations try to build up change capacity. The establishment of SIHC can be viewed as a dynamic capability; in-house consulting mobilises organisational resources (structures, cultures, organisational members, practices, etc.) and links them with change processes to enable and match organisational development with the evolution of environmental conditions.

Method and empirical context

PDR differs from the way conventional knowledge is developed in organisational and management research; it does not start with an existing theory, but by distinguishing a phenomenon that stands out from other facts and occurrences. Our research interest in the SIHC phenomenon (until now, poorly explored and under-theorized), suggests a PDR approach to address this new phenomenon, offers insights into new ways on how organisations deal with change and supports further research development.

Following von Krogh et al. (2012), who argue that PDR might even require novel research designs to make phenomena researchable, we decided on a collaborative research approach (Shani, Mohrman, Pasmore, Stymne, & Adler, 2007). Using this collaborative research approach between practitioner and researcher, we try to benefit from the combination of preferred practitioner access along with with the external research perspective to explore the SIHC phenomenon. Collaboration included the joint data collection, data interpretation and the joint writing of the article.

The overall research process was conducted in close cooperation between practitioner and researcher, utilising different data sources. First, the in-house consulting department partnered for a practice course with master's students. In the course, 19 semi-structured interviews were conducted and transcribed, multiple documents from the in-house consulting department were analysed, different pre-workshops, meetings and, finally, a workshop with all in-house consultants was organised to work on the particular characteristics of the SIHC department. Initial motivation for this article was the second author's desire to explain the newly founded SIHC to his managers in the organisation – and, in particular, to the management of the newly acquired US company. This article is a collaborative endeavour, since the practitioner and researcher have reflected on and written this article together. The article's aim, including the

three short case studies, is to evaluate and enhance knowledge about how an in-house consulting department enables organisational change capacity.

Before we describe the concrete example of SIHC as a new phenomenon, we would like to briefly explain the change management field and organisational consulting in German-speaking countries, as the SIHC phenomenon is closely linked to a particular form of systemic consulting recently developed and – due to language barriers – less known in English-speaking countries. Another unusual aspect of the PDR approach is that its development has been strongly influenced by theoretical developments in sociology.

Systemic organisation consulting in Germany

Systemic organisation consulting (SOC) has evolved over the last 30 years from a niche phenomenon to a well-recognized consulting approach in Germany. SOC has become almost synonymous for organisational development and change management – although it is, sometimes, only an empty label. The systemic approach and methods – like professional attitude, understanding of the consultant's role, consulting processes design (e.g. initial contract clarification) and intervention techniques like specific feedback methods serve as a source of inspiration and increase manoeuvring room for consultants. SOC defines its consulting approach as an intervention into a complex social system, focusing on mobilisation of the organisation's capacity to develop its own solutions and change e.g. dysfunctional interaction patterns. A core SOC intention is to develop and increase an organisation's possibilities to decide and act. SOC assumes the organisation generally has these at its disposal, but might not yet have taken advantage of them.

The consulting approach has been strongly influenced by Luhmann's new system theory (1995): understanding organisations as being constituted by communication (2000). Unfortunately, most of Luhmann's writings are still not available in English, making the discussion of his organisational perspectives - and the SOC that strongly reflects his theoretical position - a phenomenon largely topical in German-speaking countries.

Proponents of SOC argue for a theoretical base for the consulting profession: 'Anyone who wants to act, or consult, sustainably in an organisation needs to be able to confirm whether his own action makes sense in the context of the organisation and its environment.' (Simon, 2007, p. 8 (own translation)). Since this article is not the place to discuss the implications of the Luhmann's system theory for SIHC consulting practice in detail, we will just briefly outline three characteristics of the 'systemic consulting approach' that might help to

understand SIHC. These characteristics will show up again in the three case studies in the next section.

Organisations as distinction-making systems

Based on Luhmann's ideas, SOC defines organisations as self-referential communication systems, meaning that 'they have the ability to establish relations with themselves and to differentiate these relations with their environment' (Luhmann, 1995, p. 13). Organisations demarcate themselves from the rest of the world by making distinctions between themselves and the environment (Seidl & Becker, 2006). This autopoietic process can be very important for consultants who might - as second order observers (i.e. an observer who observes another observer) - make the organisation realize whether or not it is applying a distinction. Since a distinction is always made up of a marked and an unmarked space (Spencer Brown, 1967), a consultant may feed back the unmarked spaces or 'blind spots' to the organisation. Thus, as the first consulting project in the following section will show, the way an organisation plans its future when it establishes a planning system is an opportunity to make an organisation's blind spots a subject of the consulting process.

Organisations and their structural coupling

A second useful aspect of Luhmann's theory for SOC is the understanding of the system's relationship to its environment (including other systems). System theory depicts the organisation as an autonomous self-referential system, evading the classical input-output relationship of a system and its environment. But although direct input into a self-referential system is considered impossible, this does not mean that changes in the environment (Luhmann speaks of 'perturbations') of an organisation are likely to be entirely random. Luhmann refers to Maturana's notion of structural coupling (2002, pp. 15-25), describing a

degree of adjustment between the system and its environment. Events in the environment structurally coupled with the system thus trigger an adjustment to the system.

The environment, and/or any other systems, can only be a source of perturbation for the system; direct transfer of knowledge or meaning is impossible. Changes or 'inputs' are perturbations that influence the system only as these changes are (re)constructed within the system. As a consequence of the organisation's structural coupling, it can 'resonate' to the environment, or other systems, but only according to its own internal logic.

The concept of 'structural coupling' can be important for consultants trying to accomplish or support organisational change, since the concept is a useful way to analyse how a system reacts to an outside intervention.

In the following section, the second case shows that establishing a mutually acknowledged understanding of the differences in two country organisations' idiosyncratic logic proves to be helpful in enabling cooperation and constructive handling of the 'perturbations' between the two entities.

Organizations as 'decision machines' (Nassehi, 2005)

Luhmann, in line with CCO scholars (Cooren, 2011; Putnam & Mumby, 2014; Putnam & Nicotera, 2009; Schoeneborn, 2011; Taylor, 2011), underlines that communication constitutes organisations. However he argues that organisations, like other systems (e.g. families) have a single communicative operation mode. In the case of organisations, Luhmann follows March and Simon (March & Simon, 1958), seeing decisions - or more precisely 'decision communications' - connecting one decision to another, as constituting, reproducing and assuring the organisation's continuity and stability. Thus, only if a decision is followed by a subsequent decision can the preceding one become - ex post - a decision. Otherwise, the so-

called 'decision' is simply unconsidered noise. Thus, by connecting decisions, organisations establish a chain of decisions that in turn ensure the organisation's continuity and existence.

Anticipating processes after a decision may turn out to be crucial before making a decision. Safeguarding the commitment of organisational members who are particularly important for ensuing decisions may increase the likelihood that the initial decision actually becomes a decision.

In a consulting process, middle management's involvement in the decision can be one way to improve the chances of chains of decision continuation. This can be done by e.g. collecting feedback from important stakeholders with major influence on the process following a decision. In the next section, the third case shows an example of how top management decisions are stabilized by involving middle management at an early stage of the decision-making process.

Systemic In-house Consulting at ZF

ZF is a global automotive supplier that acquired TRW Automotive in 2015 and is now represented at about 230 locations in 40 countries. Company sales exceed €30 billion, with 134,000 employees; it is now one of the top three automotive suppliers worldwide. ZF was founded in 1915 and started with the development and production of transmissions for airships and vehicles. Today, the group's product range comprises transmissions and steering systems, as well as chassis components and complete axle systems and modules.

ZF Friedrichshafen has a long tradition of different internal expert-consultation units for different subject areas, especially general questions on production optimisation (lean production, project management). In 2012, an in-house consulting function was founded to support change processes in connection with strategy development processes, organisational design, or team development processes. The new department - on the overall company level – looked with optimism at positive experiences with a former in-house consulting department in one of the divisions. The new Head of HR set up the in-house consulting at group level, stressing the need to strengthen the company's change capacity to become faster and more efficient: 'Mr Scherzinger, you have established the in-house consulting for organisational development in the N-Division. We now need to support the overall organisation in their change processes. Otherwise it takes too long, particularly in the regions.'

The organisation realized that necessary, frequent organisational changes could not be accomplished by individual skill development. Experiences from one already-existing in-house consulting in one division revealed that in-house consulting led to more professionally coordinated change processes by taking content, social and temporal aspects of change processes into consideration. Compared to external consultants, in-house consultants had

several important advantages: clear knowledge of the organisational context, their personal network and experience in other, or parallel, processes.

The brand the team created for itself displays self-understanding as an SIHC: *‘we design, support and strategically govern relevant change processes in all phases. We support you in the development and implementing of your strategy. We support change processes by taking into account the integration of strategy organisational design, organisational processes and leadership. We plan this change together with you, mindful of the temporal, content and social dimensions of change.’* (Source: internal document).

The team described the SIHC offer as follows:

‘On the basis of initial clarification of expectations, we develop together with you – as for the customer - a tailor-made concept: consultation on the decision levels, workout of the content in suitable formats (e. g. workshop, large group conference, coaching, etc.) and planning of change process communication.

We take over the responsibility for an optimal implementation phase design, as well as operating in different phases as a sparring partner, adviser, facilitator, and coach.’ (Source: internal document).

Typical functions supported by the SIHC include: consulting on the implementation of organisation-wide (management) processes, reorganisations, post-merger integrations, establishing of new locations, supporting and consulting management teams in strategy development processes and establishment of new organisational units (source: internal document).

Recruitment of consultants for the team reflected different disciplines (psychology, sociology, business management, educational theory, physics) and was supplemented by a strong and on-going investment in professional training for the consultants.

Insert figure 1 about here

The initial (establishment) phase of the new corporate SIHC department focused on the development of the systemic consulting approach, internal processes and a development roadmap of the department. Next, the department focused on building trust in the organisation by carrying out selected consulting projects dealing with strategic organisational challenges to demonstrate benefit and relevance and focusing to convince key players. Since the SIHC now faces huge demand to support change processes in the organisation, future development will focus on strategically relevant projects, establishment of a cooperation network (including internal managers and external consultants) and supporting linkages between different change projects and organisational learning (see figure 1).

Next, we illustrate the SIHC consulting practice in several projects displaying different organisational and management challenges:

Consulting project 1:

Transformation of the enterprise-wide planning approach ("planning 2015")

The former ZF organisation planning approach had various weak points: resource and time-intensive coordination, lack of content precision, process breakdowns in different planning phases and slow reactions to industry change velocity. To cope, a new organisational design

leading to a matrix organisation - project 'planning 2015' - was set up to confront weaknesses and introduce a new overall integrated planning approach. The SIHC was asked to support the implementing of the change process.

Process Milestones:

To accomplish a sustainable change of planning practice, questions on different organisational levels were addressed and had to be worked out simultaneously: 1) Principal / decision-maker's level: what are the compelling reasons why planning practices must be changed? How should planning be carried out in the future? What is 'given' and where are members of the organisation invited to co-develop the new approach? 2) Stakeholders: what are the expectations, interests and perspectives of relevant stakeholders? How should they be integrated? 3) Implementers: how must implementers be trained for the new processes and practices? How will new interfaces be managed? 4) Communication: how can communication architecture be developed to accomplish an effective information exchange and feedback for the different parties involved?

Different activities were coordinated by an integrated roadmap developed iteratively by an interdisciplinary group, enabling constant feedback and learning cycles. The core element was a 'think tank group'; this interdisciplinary group (managers, planners, consultants) worked out the intended transformation, using simulations for different planning practices and working out measures, conditions and effects to enable the new planning practices. The SIHC worked out the transformation design, advised on the decision-maker's level, facilitated workshops and organised training and communication measures supporting the sustainable introduction of new planning practices and processes in 2015.

Referring again to Luhmann's system theory, introduction of the new planning system meant that the organisation could no longer observe the future only from a divisional point of view.

The matrix organisation required integrating different (divisional and functional) observations of, and expectations about, the future into the planning process. SIHC's intervention rationale thus aimed at enforcing integration of the second perspective, formerly a 'blind spot'. This required, among other things, matching of the two perspectives in a process prior to actual planning.

Insert figure 2 about here

Consulting Project 2: Restore international Cooperation

Within one business unit of ZF, interaction between two country organisations was strongly disturbed. Incompatible interests, mutually unfulfilled expectations, different ideas and measurements of quality between sales, aftermarket, and production made cooperation difficult. In addition, each region had markedly different management styles. SIHC was asked to support the two countries in improving their cooperation.

Process Milestones:

Initial interviews revealed that, beside the actual conflict subjects, a long unresolved conflict history had led to buildup of emotional stereotypes on both sides; estrangement of the two organisations had been brewing for a long time.

In a first step, in-house consultants invited the two country organisations' decision-makers to an initial pre-workshop, following the 'positive leadership model' (Cameron, 2012), placing special emphasis on past success stories; the resulting exchange unearthed hidden cooperation potential. In a second step, it was possible to co-construct a common target picture for future

collaboration between the two organisations. On this common ground, core processes, joint quality measures and a joint mind-set could be developed, establishing common ‘concrete guardrails’. With alignment achieved at the leadership level, a second workshop with more participants was organised. During this workshop, first resources and positive potentials were identified and much time invested to really understand the culture, mind-set and logic of the other organisation. With the help of the ‘guardrails’ constructed in the first workshop, both organisations were able to agree on new cooperation rules, as well as their implementation.

SIHC’s intervention rationale to improve cooperation between the two departments aimed at developing an appreciative curiosity for the two organisations’ different logic. Instead of assuming that other organisation members “must be out of their minds”, the intervention tried to foster an understanding of organisational differences. Thus, the members of the two country organisations were able to recognize and appreciate different organisational patterns, or practices, as well as common elements shared by both groups. The SIHC approach tried to trigger curiosity about how one organisational practice could make sense in another organisational context.

Insert figure 3 about here

Consulting project 3

Building acceptance for a new development function organisation design

The big development department in a business unit had been growing fast for the last several years, but faced considerable challenges; increasing cost pressure, constant demands for massive shortening of development time, ever more development projects and

internationalisation of the function itself led to increasing demands on the organisation. In response to higher demand, the numbers of employees had increased substantially within the organisation. The SIHC was asked to develop an approach and support a change process to design a new organisation (mission, goals, structure, processes, competence) to meet future development department challenges.

Process milestones

After an intensive clarification of expectations with development department management, the first phase consisted of an intensive interaction with the management team. In an initial interview phase, the management team members' different interests, expectations and perspectives were articulated and it was possible to agree on a common approach. An overall change architecture, depicting the entire transformation process, enabled a coordinated change management - encompassing different aspects - on various organisational levels.

To create an organisational design responsive to increased challenges, a 3-stage model was drawn up, first entailing diagnosis and development of design criteria, second development of design options, including a decision for one of the options and third, planning of the design implementation. A key challenge was to ensure the commitment of, and an alignment between, different managers in the top management team; members of middle management were interviewed about their views on core challenges and organisational set-up of the development department. In the next step, they were invited to a workshop to discuss their perceptions with upper management.

In a process facilitated by two SIHC consultants, middle managers discussed their views on the organisational design in an 'inside circle', while top management sat in an 'outside circle', listening to them. In a next step, management team members remained in a group and discussed what they had learned. This approach created a common understanding of

necessary changes and middle management's involvement. It was then possible to define guiding principles and quality criteria for the new organisation and develop a corresponding organisational design.

In this case, SIHC was asked to support the development of a new organisational setup. This meant that a well-established organisational design would be replaced by a new entity that still had to gain acceptance. Applying a systemic lens in its consulting, SIHC understands organisations as 'decision machines' (Nassehi, 2005) with decisions as basic elements. From this systemic perspective, middle managers' involvement in the decision-making process can be interpreted as an intervention increasing the likelihood of a successful decision process continuation. Consideration of middle management input in the early phase of the decision process - and the subsequent implementation phase - helped connect later decisions to earlier ones. In other words: involvement of middle management in the decision process helped stabilise expectable connectivity by connecting decision to decision.

Insert figure 4 about here

Enabling change capacity: Reflective practices of SIHC

Despite all differences in these exemplary projects, some core elements of SIHC remain constant. First, the self-understanding of the consulting approach is characterised by a comprehensive and multiperspective practice. Systemic understanding of organisations' self-organized nature encourages a consultant to apply a broad approach, more like an explorer than a teacher; the consulting process initially collects diverse information about the

organisation and its relevant context. The consultants then develop several assumptions about possible connections and effect structures. In a third step, consultants plan possible actual interventions. Following the idea of integrated system consulting, content, as well as social and temporal dimensions of the consulting process are coordinated (Schumacher, 2011). Thus, it is essential that consultants constantly observe the organisation and remain in ongoing discussions within the consulting group, so as not to fall into their own pre-conceptions.

To foster change capacity and professionalise their consulting, SIHC has established a process allowing increases in both personnel and organisational capacity for change: each consulting project produces, on one hand, topics and challenges that repeatedly echo certain typologies (strategy, organisation, communication, leadership, culture). On the other hand, consultants encounter specific contexts demanding new answers. To enhance its capacity for change, the consulting department established an order processing procedure that includes a mix of consulting and learning ('blue circle'). It includes structured, sequence generating consulting approach prototypes that produce input for their 'knowledge library', providing data for future consulting projects (see figure 2).

Insert figure 5 about here

A second element to enhance future change processes capacity is the weekly info-network routine. During the hour and a half session, different consulting project experiences are collected, using a mind map, allowing identification of early warning signals, recurring patterns, common themes, and links between different projects, as well as generating and

prioritising intervention necessities. The consulting team recognizes where they need to develop know-how, or where they need to intervene in the organisation, using different kinds of consulting measures.

A third recurring ZF SIHC element is the debriefing practice. A consultant will present the approach, models and tools applied, as well as lessons learned, in a team meeting with other consultants. This, in turn, contributes to know-how transfer and builds up capacity for change in the team and future change projects.

Challenges of the SIHC

Interviews with 11 SIHC members and 8 customers revealed three key challenges for the SIHC at ZF: first, positioning of the SIHC within the organisation so that its organisation (as part of the HR organisation) could really forge closer links to, e.g. the personal development function and HR business partners. This was also part of the challenge of being less associated with the CEO and top management's strategic intentions. Second, SIHC's capacity was cited as a challenge. Since the change management support in actual projects had been extremely well received, the SIHC team had remained predominantly occupied with individual project support and had fewer resources to, e.g. establish a organisation-wide change agent network, develop an overall shared understanding of change, or to provide processes, knowledge and tools for managing change. A third challenge was the professionalisation of the consultants themselves. Coming from different educational backgrounds, interviews indicated that investment in certain areas like strategy development, or consulting on organisational design processes required additional expertise to increase professionalism in particular subjects.

Discussion

The landscape of organisational change projects - particularly in multinational companies today - reflects the dynamic and simultaneity of multiple change forms facing companies. An organisation's capacity to adapt quickly to new conditions and find creative solutions is a lasting competitive advantage. In search of practical answers to increased challenges and uncertainty, organisations are looking for ways to develop a capacity for managing change (Meyer & Stensaker, 2006). Although there are many ways to approach the issue, the SIHC phenomenon is an institutionalised way of enhancing organisational capacity to deal with change. The following aspects are important to understand:

Not 'Make or buy' but 'making, governing the buying and building up capacities for change'

Saving costs is one of the arguments frequently used to explain why organisations establish SIHC. Compared to external consultants it seems cheaper for organizations to build their own consulting department; SIHC also prevents the loss of organisational knowledge obtained during change processes. Importantly, SIHC also enables coordination of activities like selection of external consultants and certain governance functions that establish procedures and quality standards for bigger, company-wide or strategically important change projects.

SIHC should not be reduced to just an external consulting fee reduction scheme by building up a cheap internal alternative. Looking at SIHC from a capacity-building lens reveals that the consulting of individual change projects is not its pivotal point; instead, increase in competence, learning and reflexivity can really lead to increased organisational knowledge about ongoing multiple changes. SIHC can take over tasks that go far beyond consulting services on individual projects. In the future, SIHC may more often be responsible for governance functions like overseeing and steering cooperation with external consultants, or

establishing quality or process requirements relating to how change should be managed in the organisation.

At first sight, it might seem surprising that organisations - in the face of omnipresent, simultaneous change - have not already established an institutionalised reflexivity on their on-going change processes. SIHC, as a new organisational phenomenon, may well attract increased attention and also play a larger role in smaller companies that must develop their change capacity.

Building legitimacy or ‘a prophet is not without honour, save in his own country’ vs. ‘not-invented-here’ syndrome

Despite the proverb’s message: ‘a prophet is not without honour, save in his own country’, this critique of internal consulting is not necessarily true. Following Mohe and Seidl’s (2009) approach to understand the (external) client-consultant relationship in a consulting process: the relationship between SIHC and its client can be understood as two communication systems. These separate systems operate according to their idiosyncratic logics and are structurally coupled through building a ‘consulting system’. This has two implications: first, as far as possibilities to influence, irritate or change the organization, SIHC is not necessarily less effective than external consultants. However, to become relevant for the customer, SIHC (like external consultants) needs to distance itself from its customer to prevent ‘going native’. Instead, they must make a difference to accomplish organizational impact. This distancing can be achieved, as the ZF SIHC case shows, by incorporating multiperspectivity, circular approach super- or intervention, exchanges with professional colleagues, or participation in professional networks to reflect professional practice.

Second, any consultant – internal or external – needs to establish a trustful and cooperative relationship with the customer to prevent (one way or the other) the ‘not-invented-here-

syndrome', leading to mistrust and resistance. This can be achieved through the organisation's esteem and appreciation of accomplishments, sufficient curiosity to inquire into the system and credible intention to strengthen the system. The consultant who acts as a 'credible activist' (a term frequently used in the ZF SIHC) is able to constructively irritate and challenge the customer, thus enabling reflection and understanding. Here, SIHC is in a strong position; being a member of the same organisation can be convincing evidence for identification with it (they are in the same boat).

Capacity building practices in SIHC

To exploit SIHC's potential and foster change capacity, ZF SIHC has developed various exchange formats and internal processes. They organise regular meetings to reflect on and exchange about individual projects and the organisation overall. This exchange often helps identify organisation-wide topics or general patterns and phenomena: essential, when developing organizational change capacity. Practices that foster intervision, reflection and knowledge exchange can be understood as particular forms that aid in building up change capacity: equivalent progress could hardly be accomplished by engaging external consultants or leaving change management to individual managers in charge of separate change projects.

While external consultants' perspectives focus primarily on a client's objectives and specific expectations, SIHC can usually extend scope. Due to their exposure to various projects in the same organisation, as well as exchanges with other internal consultants, their reference reaches above and beyond individual change projects. SIHC is also able to accumulate experiences of parallel or former change processes, benefit from its internal network in the organisation and apply a system-wide perspective more easily. Experience of different change processes and knowledge obtained by consultants during their consulting practice certainly contributes to building up organisational change capacity beyond individual change projects.

Conclusion: SIHC as an organisational capacity to manage change?

In times when accelerated change seems to be the only constant, it may appear paradoxical to invest in the reflexivity of organisations by installing professional in-house consulting departments to increase competitiveness. However, to deliberately slow down and critically distance oneself from the stream of the activities, a reflective practice needs to become organisational capacity on a collective level. This understanding of management - as a reflexive design practice - has recently been articulated by practice-oriented scholars (Mintzberg, 2009; Rüegg-Stürm & Grand, 2014).

The SIHC phenomenon introduces a set of questions about change management. How does SIHC differ from external consultants, or other in-house consulting departments? What roles can SIHC can take over in change processes? How do internal consultants work with management? What is SIHC's status and how is it viewed? All of these questions might be answered differently once they are reflected through a capacity building lens.

Researchers agree that developing a capacity for managing change has become a strategic imperative for organisations. Thus Mohe and Pfriem understandably ask 'whether internal consulting services have not already overcome the status of company-internal support function and come to be understood as an organisational capability. Further: if one agrees to accept knowledge as an independent and precious resource - and thus a strategic competitive factor for a company - and internal consulting as a knowledge-based accomplishment, then internal consulting services need to be acknowledged as an organisational capability.' (2001, pp. 305, own translation).

Research on how to build an organisational capacity for change is just really getting started. Our PDR supports the - theoretically and practically - highly relevant question of 'how organisations actually work to increase their change capacity' (Meyer & Stensaker, 2006, p. 229) by showing one aspect of how organisations can build or institutionalise this capacity.

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Tables and figures

Figure 1: Stages in the development of SIHC (source: ZF)

Figure 2: Overview Roadmap – next milestones (source: ZF)

Figure 3: Process team workshop (source: ZF)

Figure 4: Process to develop a new organizational design (source: ZF)

Figure 5: Order processing – Blue Circle (source: ZF)