Abstract. This paper applies the Adaptive Cycle Model to the practical example of Nokia.

Keywords. Adaptive Cycle Model, change, Nokia

Introduction

According to Abcouwer et al., “every organization goes through a cyclic development path that can be defined within the want/can (or objectives/means for fitting in more closely with Thompson) context model.” [1] This cyclic development path is showed on Image1.

As I was thinking how I could show a practical example, the story of Nokia came to my mind in the first place. As their organization went through such an enormous change in the last decade and they were forced to change by the mobile phone market they used to lead, I decided to apply the Adaptive Cycle Model to the Nokia-story.

Adaptive Cycle at Nokia

Nokia was known as the world’s biggest mobile phone producer company in the 1990s and early 2000s, its products were always famous of their reliability and great quality. Nokia led the global market, customers were satisfied and they had the confidence that

1. Image - The adaptive Cycle [1]
they could fight external threats, this was obviously their equilibrium situation, as it described by Abcouwer et al. [1]

In 2007, when Apple released its iPhone device, smartphones started to spread all around the world. As it completely changed user habits, Nokia should have followed the market trends. But they got stick to their traditional models (e.g. did not produce any devices with touchscreen), which led to a crisis situation. Nokia had to close factories and fire several of its employees.

Abcouwer et al. [1] describes the third phasis (new combinations) as “the selection process entails that one of the available alternative options has to be chosen and will be further developed”. After Nokia did not lead the market anymore, it realized that it is about survival, they cannot stick to their traditional view any longer. In my opinion, in this case, there were not really alternative options, as described in the theory, there was only one big choice had to be made: follow the trends and try to get their customers back from the market leader Apple and Samsung enterprises.

Entering the last quadrant of the Adaptive Cycle Model started with electing the new CEO of Nokia, Stephen Elop. He was the first non-Finnish CEO, and electing him only meant the start of the fourth phase, the Entrepreneurship. In the case of Nokia, this meant the beginning of the new policy implementation process. Nokia signed a strategic partnership with Microsoft, changed its homegrown operation system (Symbian) to Windows Phone platform and started to produce “real” smartphones with touchscreen. Also besides reacting to the external environment much better, Elop started to reorganize Nokia’s organizational structure and processes. [2]

Nowadays, Nokia starting to get his power back, we can say it is slowly turning to the Equilibrium quadrant again. Of course, there are huge differences between equilibrium situations, and for me, it is quite hard to imagine Nokia to be the new market leader again, but maybe by stating “still not being market leader” as a next Crisis status, it will force Nokia to manage innovation in a way it can grow faster, and may win its position back.

Nokia can be a beautiful example of the Adaptive Cycle Model, but as can be seen above, in its case, there were not many alternatives to choose from and Entrepreneurship quadrant meant a real hard process of work. The model can be applied for most of organizational changes at companies or just at any simple organizations, but sometimes changes in the model occur. A good example can be when the decision about change has been made, but it only turned out, that it had been a badly made decision when it was already being implemented. This can lead e.g. to bankruptcy which means that organization will never turn to the Equilibrium quadrant again.

References
