A Summary of Readings on Change Management

Recommended Articles


- Not establishing a Great Enough Sense of Urgency. 75% of management should be convinced.
- Not creating a Powerful Enough Guiding Coalition.
- Lacking a Vision. Easily communicated to employees, stockholders and customers.
- Undercommunicating the Vision by a Factor of Ten.
- Not removing Obstacles to the New Vision. Structure, compensation, appraisal systems, bosses who refuse to change.
- Not systematically Planning for and Creating Short-Term Wins. Evidence of success within 2 to 24 months.
- Declaring Victory Too Soon.
- Not Anchoring Changes in the Corporation’s Culture. “That’s the way we do things around here.”


Business change can either be hard (economic value) or soft (corporate culture). Theory E, change based on economic value, usually involves downsizing, layoffs and restructuring. Theory O is change based on organizational capability. Each has cost and benefits. One way to combine the theories is to sequence them, first E then O. Simultaneous implementation is much more difficult, but more likely to be a source of sustainable competitive advantage.

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Frontline supervisors are the opinion leaders in your organization. When communicating change, communicate only facts. Stop communicating values: slogans, threats, or pep talks. Values are communicated through actions.

Communicate with frontline supervisors, who will then communicate with frontline employees. Create a change booklet to guide communications. Change that affects frontline employees is best delivered by a supervisor.

Face-to-face is the only option: No videos, no broadcasts, no newsletter, and no big meetings. Ask supervisors their opinions, fold their input into the change plan, and then release the change plan directly to the supervisors. This empowers the supervisors who are then *more* likely to help implement change.

I://EMAPSS_Global/Change Management/CM Bibliography

The burden of change rests on too few people. Employees need to participate, to care deeply. This fundamental change, "revitalization," is not incremental, it is a thorough resocialization. Three interventions restore a company's agility: (1) Incorporating employees in to the process, (2) Leading from a different place, and (3) Instilling mental disciplines. The biggest inhibitor to change is a company's culture.

A complex culture can be quickly checked by measuring four vital signs: (1) Power. Do employees believe they have the power to change the company? (2) Identity. Do employees identify with narrow functions, or with the greater organization? (3) Conflict. Are problems smoothed over, or confronted and resolved? (4) Learning. How does the organization learn?

Start-up organizations instill individual power. Established companies typically do not. In 1992, Sears employees held no power, identified only with their region, did not confront problems, and ignored learning about Wal-Mart. Shell Malaysia had similar problems. Strong CEOs in both cases incorporated employees and vigorously led their company turnarounds.

Instilling Mental Disciplines. The U.S. Army After Action Review (AAR) process is a model for revitalizing an organization. Take a team of people who must work together across functional areas and hierarchies and immerse them in an intense learning experience. Collect hard data to eliminate subjectivity. Use skilled facilitators, not to criticize, but to use Socratic questioning to evoke self-discovery. Do not evaluate performance. Make it safe to learn.

Embedded in this process are seven disciplines. (1) Build a shared understanding of the business. (2) Encourage uncompromising straight talk. (3) Manage from the future. (4) Harness and learn from setbacks. (5) Promote no-fault accountability. Reward initiative. (6) Understand the quid pro quo. Employees look for reward, training, sense of meaning, and satisfaction in shaping the company's future. "Even the lowest soldier has a hand in altering the Army's culture." (7) Create relentless discomfit with the status quo. Constantly question beliefs and seek improvements.

Other Articles


Competitive success requires transforming the way a company functions. Companies are moving from a hierarchical bureaucracy to a task-driven organization. Managers understand the need, but misunderstand what it takes. Two assumptions are flawed: that company-wide programs change organizations and that employee behavior is changed by altering structure.

Successful transformations start at the periphery, led by general managers, and migrate inward. General managers create ad-hoc organizations to solve concrete problems. They align roles, responsibilities and relationships: "task alignment." Senior management creates a climate for change, spreads lessons, and then changes corporate structure. Change is about learning.

"The Fallacy of Programmatic Change" is the belief is that attitude changes lead to behavioral changes, which lead to organizational changes. This belief is backward. Behavior is shaped by organizational roles. To change people, put them in a new organizational context. Work, commitment, and new competencies are three factors that need to be addressed. Rapid progression of change programs exacerbates the problem and undermines the credibility of the change effort.

Six steps focus on changing roles, responsibilities, and relationships to solve specific business problems. (1) Mobilize commitment through diagnoses of well-defined problems. (2) Develop a shared vision of how to organize and manage for competitiveness. Develop new roles and responsibilities. (3) Foster consensus for the new vision, competence to enact it, and cohesion to move it along. Strong leadership is crucial. Replace leaders who cannot function in the new organization. (4) Spreads revitalization to all departments without pushing from the top. (5) Institutionalize revitalized policies, systems, and structures. (6) Monitor and adjust strategies. The purpose of change is to create a learning organization.

Top management guides the change process. Set demanding, competitive standards and hold managers accountable. Use successfully revitalized units as models for the entire company. Allocate leaders and resources to innovative units. Identify those units most capable of success. Develop career paths that encourage leadership development. Make leadership a criterion for promotion. Insure corporate actions are consistent with change goals. This lends credibility to the process and helps the CEO identify and develop a successor.

Change is personal - each individual must do something different. Leaders win their followers one by one. The challenge is to innovate mental work, to teach thousands of people how to think strategically. Most companies appoint a small team that does not communicate. This leads to alienation. Everything management does send a message. The message must be clear, consistent and repeated. It takes time for people to internalize change.

Conventional wisdom has vision followed by attitudes followed by behavior then commitment. Typically, "I'll believe it when I see it" is the attitude. Behavior should be followed by performance. Excitement and belief is last. The first change behavior should be the top executives. Change is fundamentally about feelings, people's ideas, solutions, and the new perspectives that people can contribute.

Trust is based on predictability. Trust erodes when rules change. Leaders must communicate the ground rules so people can predict what will happen to them. Changes to rewards, status, and decision-making authority must be transmitted clearly.

A Transition Management Team (TMT), of 8 to 12 leaders, championed by the CEO, oversees large change efforts. One person must address emotional and behavioral issues, and anticipate employee reactions, questions, and concerns.

The TMT has eight responsibilities: (1) Establish vision and provide guidance. (2) Stimulate conversation. (3) Provide resources. (4) Align projects and communicate how they fit into the big picture. (5) Ensure congruence of messages and activities. (6) Provide opportunities for joint creation. Insure all employees have the information they need. (7) Anticipate people problems. *People issues are the heart of change.* (8) Prepare the critical mass to think, feel and act differently.


The best innovators aren't lone geniuses. Companies have learned to systemize the process. CEOs know ideas are precious currency. Innovators use old ideas in new ways, "knowledge brokering." Knowledge brokering has four parts:

(1) Capture good ideas. Innovators are curious about diverse products with no immediate use. They scavenge and create collections of ideas, "free from the dogma of any one industry."

(2) Keep ideas alive. Company's stockpile three-dimensional ideas. An actual junkpile is easier to pass around than a virtual one. Reports, presentations, and lists of best practices are NOT sufficient to spread information.

(3) Imagine new uses for old ideas. Brokers need to be good at seeing analogies, sharing ideas, and brainstorming with fellow workers, often in a single large room.

(4) Test promising ideas. The best attitude is "easy come, easy go." Brokers rarely try to make something work. Think, build prototype, test, and improve, over and over. Failure teaches some of the best lessons.

Large segregated companies have problems moving ideas. Solutions: Start an internal consulting group dedicated to knowledge brokering. Hire people who have faced similar problems. Rent an outside broker.


Change management isn't working. Employees view change as disruptive. Senior managers must put themselves in their employee's shoes.

A 'personal compact' is an understanding between an employee and the organization. It has three dimensions: formal, psychological, and social. Most change plans address only the formal job description. The psychological dimension addresses loyalty and perseverance. The social dimension addresses values and commitment.

Unrevised personal compacts block effective change. Revision of personal compacts is an integral part of the change process. Leaders need to revise personal compacts, communicate the need for change, and gain commitment.

Managers have a poor record dealing with disruptive change. In order to change, managers must understand their company's capabilities are different from their people's capabilities.

A company's capabilities are people, processes, and culture. Start-ups initially depend on people, shift towards processes, and then develop culture. People can change. Processes are not meant to change. Values and culture in well-developed companies are the most difficult to change. A company will never change its culture without the oversight of the CEO.

(1) Acceptable margins and (2) Size of opportunity are values that prevent companies from entering emerging markets.

(1) Sustaining innovations are developed by industry leaders. (2) Disruptive innovations, creating an entirely new market, are almost never developed by industry leaders. Companies have no processes for handling ideas that are inconsistent with company culture. Options include (1) Create new internal organization, (2) Spin off an independent organization, or (3) Acquire a different organization and leave it alone.

Two questions require honest answers. Are our processes appropriate for this new problem? Will the values of our organization cause this initiative to get high priority or languish?


Disruptive change can tear an organization apart. Stop changing all the time. Pace change with small organic innovations: Tinkering and Kludging. This is dynamic stability.

Change can create initiative overload, chaos, resistance, and cynicism. Dynamic stability is change that can be sustained - small changes to existing practices. Tinkering is small adjustments. Kludging is bringing together disparate elements. Pacing avoids cynicism and burnout.

Four Operating Guidelines: (1) Reward Shameless Borrowing, (2) Appoint a Chief Memory Officer to avoid old mistakes, (3) Tinker and Kludge Internally First, (4) Hire Generalists who are open minded, less biased, willing to try different things, are easily bored, and have good ideas.


Most change programs mistake process for outcome. Focus on results, not activities. Pick a target. Achieve a specific, measurable, operational improvement within a few months.

Activity-centered change programs have six flaws: (1) Not keyed to results, (2) Too large and diffused, (3) Focus on long term (4) Delusionary measurements, (5) Dependent on Consultants, (6) Biased toward faith, not evidence.

Results-driven change focuses on accomplishing measurable gains. Advantages: (1) Change introduced only as needed, (2) Testing reveals what works, (3) Frequent reinforcement of success energizes process, (4) Continuous learning and adjusting.

Management needs to recognize unexploited capability in the organization. (1) Ask each unit to set and achieve a few short-term performance goals. (2) Review progress and adjust. (3) Institutionalize changes that work, discard the rest. (4) Identify crucial business challenges, the 'vision,' to guide performance improvement.

Augustine was the CEO of Lockheed Martin (LM). “It is not the strongest of the species that survives, not the most intelligent; it is the one that is most adaptable to change.” In 1995, as 50% of the defense market had disappeared, Martin Marietta and Lockheed combined, bringing 17 original companies under one LM umbrella. Their stock doubled.

Companies either change or go out of business - either find new markets or acquire more market share. External engineering can be done through mergers and acquisitions. Internal engineering is changing the way a company does business.

(1) Read the tea leaves. Look ahead. Avoid forced restructurings, which usually signal problems ahead. (2) Have a Road Map Even When There Are No Roads. New markets are not an option in the defense business. Mergers helped LM acquire market share. (3) Move Expeditiously. Announce an ambitious schedule. (4) Make megachanges. Upheaval is opportunity to change business. Set unattainable goals, motivate people, and give plenty of resources. Cut space, people, and layers. Cut deputies. Delegate decisionmaking to the lowest practical level.

(5) To Think Outside the Box, Get Outside the Box. Skate to where the puck is going to be, not where it has been. (6) Benefit by Benchmarking. Set goals, monitor progress, provide feedback, and quantify results. Share indices with members of the workforce. Ask customers how they think you meet the measurements that are important to them. Bring out natural competitiveness, enhance efficiency, and instill a sense of pride. (7) Don’t Lose Sight of Day-To-Day Business. Change cannot distract core business practices. Never let go of something until you have hold of something else.

(8) Focus on the Customer. Process of change should be invisible to the customer. Results should be apparent. Internally, every employee is a customer as well. (9) Be Decisive. No decision will please everyone. (10) Create One Culture for One Company. Combine best of merged organizations. Too often culture thwarts change. Inspire individuals to work as teams. People naturally draw together for a common purpose.

(11) Remember That Your Real Assets Go Home at Night. Success depends on individuals taking collective actions. Empower people to do their very best. Bring customers in to speak to plant workers and show their appreciation. Pay attention to symbols. (12) Communicate. Communicate, Communicate. Managers must be totally candid. Leaders who offer blood, sweat and tears get more out of their followers. Human beings are heroic.

All business is competitive. Fortune 500 has an attrition of 7% per year. Status-quo thinking is common. Established leaders are blinded by past success. Reengineering requires hard decisions, but success awaits those willing to make those decisions.


Successful companies preserve core values and a core purpose while their strategies and practices endlessly adapt. They understand what should change and what should not. Well-conceived vision consists of core ideology and envisioned future.

Core ideology is why we exist, a consistent identity that transcends products, technology, or leaders. Ideology holds an organization together as it grows. Core values are enduring tenets, valid 100 years from today. Core purpose is an organization’s reason for being. Like a star on the horizon, it will be pursued for 100 years. A technique for developing purpose is to state what the company does and ask “Why?” five times. Purpose should guide and inspire achievement, not address shareholder wealth. If the company were disbanded, what would be lost? If you won the lottery, but decided to keep working here, what would be your reason? Core ideology is not created, it is discovered by looking inside the company. People align themselves with an organization’s ideology. Don’t confuse core ideology with core competence, which are current capabilities. Once core ideology is clear, anything else should be open to change. If it’s not core, change it!

Envisioned future is a 10-to-30 year goal plus a vivid description of achieving that goal. A Big Hairy Audacious Goal (BHAG) stimulates progress and engages commitment. A true BHAG is a compelling focus of effort with a clear finish line for the entire organization. The vivid description is a word picture of the future once the BHAG is achieved.

Core purpose is the star on the horizon. BHAG is the mountain to be climbed. Envision the company in twenty years. Current leaders have disappeared. What should the company look like? What should employees feel like? Visionary companies are 1% vision and 99% alignment. If you do it right, you shouldn’t have to do it again for at least a decade.

Incremental change isn’t enough. Reinvention is not changing what is, but creating what isn’t. A company must uncover and alter its context, the underlying assumptions on which decisions are based, to break with its outmoded present. Executives underestimate this wrenching shift. Reinvention is sink or swim.

Many CEOs sink. As the inventor or product of a successful context, they do not have the courage to throw it away. Management is *doing*, getting things done. Context is *being*. Shifts in being are intellectually and emotionally jolting: Not an “ah-ha,” but an “Oh my God.” A visually imaginable declaration of the future is the focal point. Many senior executives, unwilling to think rigorously about themselves, opt for the prudent path and decline to reinvent themselves.

Managing the Present from the Future requires a grasp of assumptions in order to alter the context in which the company is embedded. (1) Assemble a critical mass of key stakeholders. Not the ten top executives, but the people who "really make things happen around here." (2) Do an organizational audit. Confront the true situation to reveal the barriers to change. What assumptions are no longer valid? What units are most influential? What key systems drive the business? What are our core competencies? (3) Create Urgency. Discuss the Undiscussable. A threat that no one talks about is more debilitating that a threat that been clearly revealed. (4) Harness Contention. The system must encourage variety internally if it is to cope with variety externally. Conflict jump-starts the creative process. (5) Engineer Organizational Breakdowns. Breakdowns are opportunities for an organization to reveal weak spots and take a look at itself.


Organizations resist new truths. Change managers need to understand the company’s past life. Companies fail to take new opportunities because they are still making the most of old opportunities.

Troubled companies follow four stages: (1) The founder implements a successful vision. (2) Steering mechanisms - rules, assumptions, and behaviors - are “hard-wired” to align the organization with the vision. Few steering mechanisms account for changes in markets. (3) Feedback deteriorates. Obsolete steering mechanisms obscure and degrade new market signals. (4) Organizational defensive routines prevent learning. New change strategies are systematically ignored: the new espoused strategy comes up against the enacted strategy.

How do you change a company’s mind? Change managers need to examine the psychodynamics of the organization. The CEO makes clear that good practices have outlasted their useful lives. Abandon blame and focus on what the company did right. Reverse engineer the current strategy, the company’s “unconscious.” Subject the current strategy to measurable tests. Analyze customers. Select quantitative market data.

Open a dialogue to unleash people’s scientific imagination. To get change in an old company, employees must see the rationale for change, view it with favor, and understand the new strategy. Managers need to act as if the company is going to rebuild every few years. This makes people more willing to expose and reevaluate their implicit steering mechanisms.

Once a new strategy is selected, develop metrics to measure how well the company is advancing toward its new goals. In using these metrics, in their terms of discussion and their terms of art, managers become the new company. Companies do not change until a new strategic language finds its way into every corner. Courage is needed. All employees will take actions and risks if they understand the goals.
Presentations


Large percentages of IT projects are late, overbudget and sometimes never completed. Productivity gains are statistically unrelated to IT expenditures. IT is an enabler of the real sources of value: new processes, new organizations, new products & services. Project cost may only be 20% hardware & software, remainder on implementation and deployment.

Changes to industrial age work practices, hierarchical organizations, and decision rights is difficult, but a true improvement. Most of the value of IT is concentrated in firms that have modern organizations. IT value is largely affected by complementary organizational investments.


Most change projects fail. Organizations have a finite capacity to change. Focus on behavior first, technology second. "You can either change the people, or you can change the people!"

Change Management is aligning the people and culture with the change strategy in order to gain employee commitment, capture measurable improvement, and improve the company’s capability to manage future change.

Change Management focuses first on the management of the project, and second, on the technology. The change management plan describes the process: Mobilize, Assess, Plan, Implement, and Renew.

Case Studies


Between 1987 and 1990, Micro-Switch, a division of Honeywell, transformed from a provincial business into a customer-oriented global operation. Three middle managers, part of the company’s “change agent team,” commented on the change process. A business slump in 1990 threatened to derail change initiatives.

Rick Rowe focused on recognition to reinforce behaviors. Employees said just saying thank you was enough. Employees were confused by empowerment. Multiple changes had left people grasping for stability. After the slump, Rowe thought the easy changes had been made, and now deeply ingrained behaviors had to be tackled. “If you want to change behaviors, you must first change underlying beliefs.” Long-range change plans risk losing people’s attention.

Deb Massof thought that too many simultaneous changes frustrated her people. She thought Micro Switch’s culture was resistant to change. Some divisions had no new products or marketing for fifteen years. They didn’t know their customers. When she asked for strategic planning input, she received blank stares. After the slump, Massof commented on the many change projects still outstanding. Different areas of the company had shown they could complement each other. Customer-oriented projects were underway. The CEO is depending on us for solutions. She felt guilty that she was not doing enough.

Ellis Stewart led a team tasked with training. He was chosen for his willingness to experiment and take risks. Teamwork was a foreign concept to Micro-Switch’s managers. Stewart felt the CEO’s energy changed the environment. After the slump, Stewart thought the wind was knocked out of the change effort. One initiative had proceeded rapidly and Stewart had his wrist slapped for proceeding without authorization. Later, he saw wisdom in delay. The CEO was balancing control versus empowerment. The company had a schism between change supporters and change resisters. The supporters were paralyzed by the volume of change. Stewart had lost patience with change resisters and the company’s tolerance in this area.

Successful change is linked to persuasion, known as rhetoric. For change leaders to win cooperation, people must want to change. Aristotle wrote that every argument has three elements: (1) logos, logic to persuade the intellect of the audience, (2) pathos, the emotional appeal, and (3) ethos, the values expressed. Change strategies can be of the Vision, Crisis, and Transition genres.

Vision is an ethos strategy, appealing to the future organizational dream. The credibility of the speaker is important. Crisis motivation, a pathos technique, uses straightforward fear. The speaker sometimes creates a crisis to use for the argument. The Transition argument is based on logos, persuasion through numbers. Numbers, however, can always be disputed.

Resistance can also be viewed in three genres. Denial, Demonizing and Undermining. Denial, a logos technique, usually says “It ain’t broke” or “That can’t be done.” Demonizing, a pathos technique, uses blame and name-calling to paint the change initiator as the bad guy. Undermining, an ethos technique, attempts to invalidate the authority of the change initiator or question the legitimacy of the change: “Who do you think you are?” or “What do you think you’re doing?”

The goal is clear. To achieve change, you must persuade, and be more convincing than the opposition. Do not search for truth. The real truth is that the rhetorical force of the arguments determines what is believed to be true.
Recommended Books

   Kotter takes his classic article, “Leading Change: Why Transformation Efforts Fail” (*Harvard Business Review*, Mar-Apr 1995), and expands it with lessons, examples, and insight. The core section explains Kotter’s change model:

   1. Establishing a Sense of Urgency.
   2. Creating a Guiding Coalition.
   5. Empowering Broad-Based Action.
   8. Anchoring New Approaches in the Culture.

   The final section elaborates on organization, leadership and learning in the 21st century.


Other Books


