Organizational Change in Our Complex World

Nothing endures but change.
—Heraclitus (540 BCE–480 BCE)

Chapter Overview

• Chapter 1 defines organizational change as “planned alteration of organizational components to improve the effectiveness of organizations.”
• Organizational development and change management are differentiated. The orientation of this book is to assist change managers or potential change managers to be more effective in their change activities.
• Four change roles found in organizations are described: change initiators, change implementers, change facilitators, and change recipients. The terms change leader and change agent are interchangeable and could mean any of the four roles.
• The social, demographic, technological, political, and economic forces affecting change today are outlined.
• Four types of organizational change: tuning, adapting, reorienting, and re-creating—are discussed.
• The difficulties in creating successful change are highlighted, and some of the characteristics of a successful change leader are described.
Our world is filled with organizations. We put our children into daycare organizations. We work at for-profit or not-for-profit organizations. We rely on organizations to deliver the services we need: food, water, electricity, and sanitation. We depend on health organizations when we are sick. We use religious organizations to help our spiritual lives. We assume that most of our children’s education will be delivered by formal education organizations. In other words, organizations are everywhere. Organizations are how we get things done.

And these organizations are changing—adapting to meet the shifting demands of their environments. What exactly is organizational change? What do we mean in this book when we talk about it?

What Is Organizational Change?

When we think of organizational change, we think of major changes: mergers, acquisitions, buyouts, downsizing, restructuring, the launch of new products, and the outsourcing of major organizational activities. We can also think of lesser changes: departmental reorganizations, installations of new technology and incentive systems, and shutting down particular manufacturing lines or opening new branches in other parts of the country—tuning changes to improve the efficiency and operations of our organizations.

In this book, when we talk about organizational change, we are referring to a planned alteration of organizational components to improve the effectiveness of the organization. By organizational components, we mean the organizational mission and vision, strategy, goals, structure, process or system, technology, and people in an organization. When organizations enhance their effectiveness, they increase their ability to generate value for those they are designed to serve.

Note that, by our definition, organizational change is intentional and planned. Someone in the organization has taken an initiative to alter a significant organizational component. This means a shift in something relatively permanent. Usually, something formal has been altered. For example, a new customer relations system may be introduced that captures customer satisfaction and reports it to managers; or a new division is created and people are allocated to that division in response to a new organizational vision.

We need to recognize what is not considered to be organizational change in this book. Simply doing more of the same, such as increasing existing sales efforts in response to a competitor’s activities, would not be classified as an organizational change. However, the restructuring of a sales force into two groups (key account managers and general account managers) would be an organizational change, even though this restructuring could well be in response to a competitor’s activities and could well lead to increased sales effort.

Some organizational components are concrete and thus easier to understand when contemplating change. Shifts in structure, systems, and/or processes fall into these categories. For example, assembly lines can be reordered. The change is definable, and the end point clear when it is done. Similarly, the alteration of a reward system or job design is concrete and can be clearly documented. The creation of
new positions, subunits, or departments is equally obvious. Such organizational changes are tangible and easier to enact.

When the change management target lies more deeply imbedded in the organization, the change challenge is magnified. For example, a shift in an organization’s culture is more difficult to engineer. We can plan a change from an authoritarian to a more participative culture, but the initiatives required to bring about the change and their sequencing are trickier to get hold of than more concrete change initiatives. Simply announcing a new strategy or vision does not mean that anything significant will change. As someone said, “You need to get the vision off the walls and into the halls.” A more manageable way to think of such a cultural change is to see it as the result of more concrete changes. If management alters reward systems, shifts decision making downward, and creates participative management committees, they increase the likelihood that they will create cultural change over time. Sustained behavioral change occurs when people in the organization understand, accept, and act. Through their actions, the new vision or strategy becomes real.

The focus of change needs to be considered carefully. Often managers choose concrete tangible changes because they are easiest to plan for and can be seen. For example, it is relatively easy to focus on pay and give monetary incentives in an attempt to address morale issues. But the root cause of these issues might be managerial styles or processes—much more difficult to recognize and address. Intervening through compensation may have unanticipated consequences and worsen the problem. The following is an example of what might happen:

In a mid-size social service agency, family services division, turnover rates climbed to over 20% causing serious issues with service delivery and quality of service. The manager of the division argued that staff were leaving because of wages. According to him, children’s aid societies’ wages were higher and that caused the turnover. Upon investigation, senior management learned of morale problems arising from the directive, noninclusive management style of the manager. Instead of altering pay rates, which would have caused significant budgetary and equity problems throughout the organization, senior management replaced the manager and moved him to a project role. Within months, turnover rates dropped to under 10% and the manager decided to leave the agency.

If the original analysis had been accepted, turnover rates might have declined. Staff may have been persuaded to stay for financial reasons—even though they were dissatisfied. Not only would the agency be facing monetary issues, they would have had a morale problem that was festering!

In summary, the focus of this book is on organizational change as a planned activity designed to improve the organization’s effectiveness. Changes that are random (occur simply due to chance) or unplanned are not the types of organizational change that this book intends to explore. Similarly, changes that may be planned but do not have a clear link to attempts to improve organization effectiveness are not considered. That is, changes made solely for personal reasons—for personal gain, for example—fall outside the intended focus of this book.
The Roots of Organizational Change

Managers have long voiced an interest in improving their organizations. Writings on the topic can be found throughout recorded history. Early religious texts provide many examples of advice and action related to enhancing effectiveness (e.g., Moses’ actions related to the Diaspora from Egypt, and the advice of major religious figures on how life should be led). Likewise, early philosophers such as Plato offered advice on how change should be promoted and managed (e.g., “One of the penalties for refusing to participate . . . is that you end up being governed by your inferiors.”).

The founder of the Han Dynasty, Liu Bang (256 BC–195 BC), attributed his success at defeating his opponent and founding his Dynasty to his policy of using the right people in the right position. He said: “In strategic planning of warfare Chang Liang is better than I; in logistics administration for the battlefield Shoa is better than I; and in deployment of a million troops to win the battles Han Sin is better than I. All three of these people are elite. I can look for their strength and put it to work. That’s why I could be the founder of a new Dynasty.”

Liu Bang’s thinking is similar to that of many managers: They are concerned with making their organization effective, and they are focused on improving their position or role within that organization.

Modern thinking about organizational change has its roots in organization development. French and Bell describe four stems of organization development:

1. The Small Group Training stem, which focused on creating change by improving self-awareness and the group’s dynamics
2. The Survey Research and Feedback stem, which intervened with sophisticated surveys and analysis to create the need for change
3. The Action Research stem, which encouraged the use of action, based on research, in continuous cycles (in essence, learning by doing, followed by observation, doing, and more learning)
4. The Sociotechnical stem, which focused on the interaction between the sociological and technical subsystems of the organization and described change in more holistic terms

Worren, Ruddle, and Moore have differentiated organization development from change management. Table 1.1 outlines this shift according to Worren.

The field of organizational change has developed to become more integrative and strategic. There is a shift from considering personal and group outcomes to organizational ones. Organizational change is broader based, and action often requires a change team to make change happen. Organizational change is focused on the business—using an understanding of human relationships to improve organizational results.

Change capability has become a core managerial competence. Without change management skills, individuals cannot operate effectively in today’s fluctuating,
shifting organizations. Senior management sets the organizational direction, and in this decentralized organizational world, it is up to managers to shift the organization to accomplish the new goals and objectives. To do this, change management skills are paramount.

The rapid growth in the volume of formal research about organizational change is a relatively recent phenomenon, and the volume of literature on organizational change is overwhelming. Despite this literature, management’s ability to deliver successful change is modest at best. One study reports that 7 of 10 change efforts fail to achieve their intended results; for major corporate systems investments, 28% are abandoned before completion, 46% are behind schedule or over budget, and 80% are not used in the way intended or not used at all after 6 months.

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**Table 1.1 Organizational Development Versus Change Management**

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<tr>
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<th>Organizational Development</th>
<th>Change Management</th>
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<tr>
<td><strong>Underlying Theory and Analytical Framework</strong></td>
<td>Based primarily on psychology Individual/group functioning</td>
<td>Includes principles and tools from sociology, information technology, and strategic change theories Individual/group functioning AND systems, structures, work processes (congruence model)</td>
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<tr>
<td><strong>Role of Change Agent</strong></td>
<td>Facilitator or process consultant</td>
<td>Content expert (organization design and human performance) AND process consultant Member of cross-functional team, which includes strategists and technologists Part of project organization, which includes client managers/employees</td>
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<td><strong>Intervention Strategies</strong></td>
<td>Not directly linked to strategy Focus on one component at a time Normative-re-educative (change attitudes to change behavior)</td>
<td>Driven by strategy Simultaneous focus on several components (strategy, human resources, organization design, technology) Action-oriented (change behavior before attitudes)</td>
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"A Google search yielded over 110 million hits; "Ask.com," 7.5 million hits; Harvard Business School site, 1,024 hits; Proquest Search, 15,530 articles; Fast Company Web search yielded 3,120 hits."
Clearly, change management is more difficult than we anticipate. We believe, as does Pfeffer, that there is a Knowing-Doing gap. Knowing the concepts and understanding the theory behind organizational change are not enough. This book is designed to provide practicing and prospective managers with the tools they will need to be more effective change agents.

The Orientation of This Book

There is a story of two stonecutters. The first, when asked what he was doing, responded, “I am shaping this stone to fit in that wall.” The second, however, said, “I am helping to build a cathedral.”

While the organizational contribution of each stonecutter might well be the same in terms of productivity, their perspectives are dramatically different. The personal outcomes in terms of satisfaction and organizational commitment will likely be much higher for the visionary stonecutter than for the “just doing my job” stonecutter. Finally, the differences in satisfaction and commitment may well lead to different organizational results. After all, if you are building a cathedral, you might have the motivation to stay late, to take extra care, to find ways to improve things, and to help others when help is needed.

In other words, the organizational member who has a grander perspective on their contribution and on the task at hand is likely to be a better, more satisfied employee. As a result, we take a perspective that encourages change leaders to take a holistic perspective on the change and to be widely inclusive in letting employees know what changes are happening.

If employees have no sense of the intended vision and see themselves as “just doing a job,” it is likely that any organizational change will be difficult to understand, be resisted, and cause personal trauma. On the other hand, if employees sense the vision of the organization and understand the direction and perspective of where the organization is going and why, they are much more likely to understand their role in the future organization—even when that future includes their exiting the organization.

Without a sense of vision, purpose, and engagement, it is easy to become the passive recipient of change. As a passive recipient, you see yourself as subject to the whims of others, as relatively helpless, perhaps even as a “victim.” As a passive recipient, your self-esteem and self-efficacy may feel as if they are under attack. Your perception of power and influence will diminish and you will feel acted on. Years ago, Jack Gordon talked about “aligning employees.” That is, once top management has decided on the strategic direction, employees need to be aligned with that direction. We cannot help but think that if you are the recipient of change, “being aligned” just won’t feel very good.

This book is aimed at those who want to be involved in change and wish to take positive action. One of the messages of this book is to encourage readers to escape from a passive, negative change recipient position and to move into more active and healthy roles, those of change initiators, change facilitators, and change implementers. Readers may be in middle manager roles or may be entering management.
Or they may be leaders of change of an organization or a subunit. The book is also aimed at the informal leaders in organizations who are driving change, sometimes in spite of their bosses. They might believe that their bosses “should” be driving the change but don’t see it happening, and so they see it as up to them to make change happen regardless of the action or inaction of their managers.

Organizational Change Roles

Who are the participants in organizational change? Many, perhaps most of us, will end up making the change work. We will be the change implementers, the ones implementing what others, the change initiators, have promoted. Or we could be on the receiving end of change, change recipients. Some will play a role in facilitating change—they won’t be the ones responsible for implementing the change, but they will assist initiators and implementers in the change through their contacts and consultative assistance. Or a person might be the change initiator or champion, framing the vision for the change and/or providing resources and support for the initiative.

Of course, one person might play multiple roles. That is, you might have a good idea and talk it up in the organization (change initiator), take action to make the change occur (change implementer), talk to others to help them manage the change (change facilitator), and be affected yourself by the change you have proposed (change recipient). Clearly, you are acting as change leader. In this book, we use the terms change leader and change agent interchangeably. Change initiators, change implementers, and change facilitators represent different roles played by the change leader or change agent. At any given moment, the person leading the change may be initiating, implementing, or facilitating. Table 1.2 outlines the four roles of organizational change.

Change Initiators

Change initiators get things moving, take action, and stimulate the system to react. They are the ones constantly seeking change to make things better. They identify the need for change, see the vision of the better future, take on the change task, and champion the initiative. Change initiators may face considerable risk in the organization. To use a physical metaphor, action creates movement, movement creates friction, and friction creates heat! And creating heat may hurt your career. We don’t encourage foolish initiation, one that will get you into trouble quickly with no chance of success. We do encourage calculated action taken by knowledgeable individuals who are prepared to undertake the work needed to create and support the powerful arguments and coalitions needed to effect change in organizations, be it from the top or the middle of the organization.

Change initiators will find useful aids for change in this book. We can’t supply the passion or powerful vision needed by the initiators, but we can point out the requirements of successful change: planning, persuasion, and perseverance. And we can provide frameworks for analysis that will enhance the likelihood of successful change.

Change initiators need to be dogged in their desire and determination—those who succeed will have earned reputations for realistic, grounded optimism, for
a good sense of timing, and for not giving up. If nothing else, the opposition may tire in the face of their persistence. Better yet are those who have the uncanny ability to creatively combine with others into a coalition that turns resisters into allies and foot draggers into foot soldiers for change.

Change Implementers

Many would-be and existing managers find themselves as change implementers. Others (including their bosses) may initiate the change, but it is left to the implementers to make it work. We do not want to diminish this role and the contribution that implementers make. Pfeffer argues that effectiveness doesn’t come from making the critical decision but rather managing the consequences of decisions and creating the desired results!14 As he says, “If change were going to be easy, it would already have happened.” The change implementer role is important and is needed in our organizations.

Change implementers will find much in this book to assist them. They will find guidance in creating and increasing the need for the changes that change initiators are demanding. They will find tools for organizational diagnosis and for identifying and working with key stakeholders. And they will find concepts and techniques to improve their change/action planning and implementation skills.

At the same time, we encourage and challenge change implementers to become more active and to initiate change themselves. Oshry identifies the dilemma of “middle powerlessness” where the middle manager feels trapped between tops and bottoms and becomes ineffective as a result.15 Many middle managers transform their organizations by recognizing strategic initiatives and mobilizing the power of the “middles” to move the organization in the direction needed.

Change Facilitators

Today’s complex organizational changes can run into roadblocks because parties lock into positions or because perspectives get lost in personalities and egos. In such cases, an outside view can facilitate change. Change facilitators understand change processes and assist the organization to work through change issues. As such, they sometimes formally serve as consultants to change leaders and teams. However, many of those who act as change facilitators do so informally, often on the strength of their existing relationships with others involved with the change. They have high levels of self-awareness and emotional maturity and are skilled in the behavioral arts—using their interpersonal skills to work with teams or groups.

In this book, change facilitators will discover conceptual frameworks that will help them to understand change processes. With these frameworks, they will be able to translate concrete organizational events into understandable situations and so ease change. And their knowledge will provide change perspectives that will allow managers to unfreeze their positions.
Change Recipients

Change recipients are those who find themselves on the receiving end of change. Their responses will vary from active resistance to passivity to active support, depending on their perceptions of the change, its rationale, and its impact. When they are feeling acted upon and have little or no voice or control in the process, dissatisfaction, frustration, alienation, absenteeism, and turnover are common responses to change demands.16

This book provides guidance that will help recipients to better understand what is happening to them and their organizations. Further, it will identify strategies and approaches that will help them to take a more active role and increase the amount of control they have over what will happen to them.

Regardless of your role in the organization—change recipient, change implementer, change initiator, or change facilitator—we believe that this book contains useful food for thought. Change recipients will understand what is happening to them and will learn how to respond positively. Change implementers will develop their capacity to use tools that increase their effectiveness. Change initiators will learn to take more effective actions to lever their change programs. And change facilitators will find themselves with new insights into easing organizational change.

Gary Hamel of Harvard talks about “leading the revolution”—anyone can play the change game. They can seek opportunities, ask questions, challenge orthodoxies, and generate new ideas and directions!17 And in doing so, individuals from virtually anywhere in an organization (or even outside of it) can become change leaders. Change leaders foment action. They take independent action based on their analysis of what is best for the long-term interests of their organizations. And they recognize the many faces of change and what the crucial next steps are toward

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<th>Roles</th>
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<tr>
<td>Change Initiator</td>
<td>The person who identifies the need and vision for change and champions the change.</td>
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<tr>
<td>Change Implementer</td>
<td>The person who has responsibility for making certain the change happens, charting the path forward, nurturing support, and alleviating resistance.</td>
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<tr>
<td>Change Facilitator</td>
<td>The person who assists Initiators, Implementers, and Recipients with the change management process. They identify process and content change issues and help resolve these, foster support, alleviate resistance, and provide other participants with guidance and counsel.</td>
</tr>
<tr>
<td>Change Recipient</td>
<td>The person who is affected by the change. Often the person who has to change his or her behavior to ensure the change is effective.</td>
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their long-term change goal. Finally, they recognize who needs to play what roles in order to advance needed change. As such, at different points in time, they fulfill the roles of change initiator, implementer, and facilitator, depending on the needs of the situation, their skills and abilities, and their beliefs about what is required at that point in time to advance the change.

What Is Driving Change Today?

Much change starts with shifts in an organization’s environment. Government legislation dealing with employment law pushes new equity concerns through hiring practices. Globalization means that production and other parts of the organization (e.g., customer service through call centers) can be outsourced and/or moved around the world, so your organization’s competition becomes worldwide rather than local. New technology means that purchasing can be linked to production within the supply chain so that supplier–customer relationships are forever changed. A competitor succeeds in attracting your largest customer and upsets your assumptions about the marketplace.

Sometimes organizations are caught by surprise by these environmental shifts, while at other times organizations have anticipated and planned for these eventualities. For example, management may have systems to track the perceived quality of its products versus the competition. That benchmarking data might show that its quality is beginning to lag behind a key competitor. This early warning system allows for action before customers are lost.

This book is not the place for an in-depth treatment of all the various trends and alterations in the environment. However, we will highlight some of the more important trends to sensitize readers to their environments. Today, organizations find themselves influenced by several fundamental forces: changing social, cultural, and demographic patterns; spectacular technological achievements that are transforming how we do business; a global marketplace that sends us competing worldwide and brings competition to our doorsteps; and continued political uncertainty in many countries that have the potential to introduce chaos into world markets.

You Need to Understand the Risks of Not Understanding Your Organizational Environment!

A group of senior executives attending Stanford University’s advanced management program decided to escape the boot camp pace by visiting Napa Valley. They hired a limo service to make the day free of driving responsibilities. Throughout the day they chatted to the limo driver and learned of his background. He was an ex-CEO of a dot.com “success” story. This ex-CEO/limo driver had raised millions of dollars for his organization, burned through the money, and crashed when the market crashed. And now, he says you get work where and when you can!
The driver and his fellow executives had no sense of their organization's external environment. They assumed that their success could be attributed to their efforts rather than luck. They assumed that the halcyon days would continue. And they spent freely without concern for building long term. Even a virtual organization needs more than virtual cash flow.18

The Changing Social, Cultural, and Demographic Environment

The social, cultural, and economic environment will be dramatically altered by demography. Demographic changes in the Western world mean that aging populations will alter the face of Europe, Canada, and Japan. The financial warning bells are already being sounded. Standard and Poor’s predicts that the average net government debt-to-GDP ratio for industrialized nations will increase from 33% in 2005 to 180% by 2050, due to rising pension and healthcare costs,19 if changes are not undertaken.

Although the United States will age slightly, Europe will face a dependency crisis of senior citizens requiring medical care and pension support. By 2050, the median age in the United States is projected to be 36.2 versus 52.7 in Europe. The United States will keep itself younger through immigration and a birth rate that is close to replacement level.20 Even with this influx, the U.S. governmental debt-to-GDP ratio is expected to grow to 350% of GDP by 2050, due mainly to pension and healthcare costs.21

Europe's population is projected to peak in 2015 at around 400 million, while the United States passes that number in 2020 and continues to grow thereafter. Although this is far in the future, the economic implications for business are significant. Imagine 400–500 million relatively wealthy Americans and the impact that will have on global economic power, assuming that pension and healthcare challenges are effectively managed. Consumer spending in emerging economies is expected to more than double from $4 trillion to over $9 trillion in the next ten years.22 And, also imagine the impact of graying Europe and Japan with declining workforces.23 Some estimates put the fiscal problems in providing pensions and health care for senior citizens at 250% of national income in Germany and France.23

Pension costs can become a huge competitive disadvantage at the company level as well. At General Motors, there were 2.5 retirees for every active worker in 2002, and these so-called "legacy" costs were $900 per vehicle at that time, due to pension and healthcare obligations. These costs were estimated to have risen to $1,600 by 2005 and $1,800 by 2006.24 At the same time, an aging population provides new market opportunities—who would believe that the average age of a Harley-Davidson purchaser is 52?25

Other demographic issues will provide opportunities and challenges. In the United States, Latinos will play a role in transforming organizations. The numbers of Latinos jumped from 22.4 million to 35.3 million during the 1990s, and at 12.5% of the population, they are the largest ethnic/racial group in the United States.26

*Already, the impact of the "graying of Europe" is being seen as the governments of Germany and France met significant resistance as they attempt to reduce retirement and unemployment benefits for their citizens.
Significantly, the largest growth often is in “hypergrowth” Latino destinations that have seen over a 300% increase in Latino populations since 1980. This growth will continue due to the economic activity in these areas, and one of the outcomes will be an imbalance of Latino males and females. In the non-Latino population, the ratio of males to females is 96:100, but in the Latino population, it switches to 107:100 and to 118:100 in the hypergrowth destinations (peaking at 188:100 in Raleigh, North Carolina). While the specific implications for business are unclear, the general need for response and change is not. Our notions of cultural norms (including those around English literacy) and markets could be shattered by such demographic shifts.

With aging populations, organizations can expect pressures to manage age prejudice more effectively. Subtle discrimination on age will not be acceptable. Innovative solutions such as those by Joe Pesce will be welcomed:

“There is no mandatory retirement age at Baycrest (a large geriatric care facility in Toronto, Canada), where roughly 35 of the center’s 2,000 employees are now over 65,” said Mr. Pesce, Vice-President of Human Resources.

Mr. Pesce is putting together a list of “retiree alumni”—a pool of retired employees who might be willing to come back on a part-time or temporary basis as needed—and is also looking at other ways to make Baycrest a more “elder-friendly” workplace.”

Clearly, Joe Pesce has become a change initiator in this important area of demographic change.

Our assumptions about families and gender will continue to be challenged in the workplace and marketplace of the future. Diversity, inclusiveness, and equity issues will continue to challenge organizations with the results being unpredictable. For example, the liberal initiatives in California are now subject to some backlash according to Diamond: “Immigration, affirmative action, multilingualism, ethnic diversity—my state of California was among the pioneers of these controversial policies and is now pioneering a backlash against them.” Signs of this were apparent in the heated debates that occurred in the United States in 2006, concerning legislation related to illegal or undocumented immigrants and workers. The language used to describe the target group shifts, depending on your position on the matter.

As the nature and variety of relationships change, organizations will have to respond. Flexible systems will become vital to attract and keep the knowledge workers of the future. Already we see multinationals such as IBM viewing workforce diversity management as a strategic tool for sustaining and growing the enterprise.

New Technologies

In addition to demographic changes in the workplace and marketplace, the trite but true statements about the impact of technological change must be embraced by organizations and their change managers. To broaden your perspective on technology, here are some of the newer technologies that can be found in the literature:

- Energy engineers are talking about “clean coal” technology being on the brink of commercialization.
• Ultra-Wide Band devices can beam flawless video and audio clips at 100 megabits per second.
• An implantable syringe-on-a-chip will inject minute quantities of drugs at precise intervals over months.\textsuperscript{31}
• Disease-detecting biochips are being developed where chips are encoded with DNA patterns of viruses and programmed to look for matching samples.\textsuperscript{32} Hospitals will detect infectious diseases in hours rather than in days.
• Prisoners will be tracked with tamperproof wristbands,\textsuperscript{33} and guards can monitor when they get too close to things they should be staying away from.
• Nanotechnology promises to produce a host of products that will transform industries—from TV monitors to fuel cells to drug delivery systems.\textsuperscript{34}

Wieners claims that there will be eight technologies that will change the world:

1. Biointeractive materials—high-tech sensors for living systems
2. Biofuel production plants—where genetically engineered crops produce fuel to replace coal and oil
3. Bionics—artificial systems to replace lost or disabled body parts
4. Cognitronics—where there are interfaces between the computer and the brain
5. Genotyping—where we classify people based on their genetics
6. Brute-force R&D—where powerful computers crunch data to identify and test random solutions for positive results
7. Molecular manufacturing—building complex structures atom by atom
8. Port-a-Nukes—which will provide portable, safe, nonpolluting nuclear power\textsuperscript{35}

Technology has woven our world together—the number of international air passengers rose from 75 million in 1970 to 142 million in 2000. The cost of a 3-minute phone call from the United States to England dropped from over $8 to less than 36¢ from 1976 to 2000, and the number of transborder calls in the United States increased from 200 million in 1980 to 5.2 billion in 1999.\textsuperscript{36} The emergence of VoIP (voice over the Internet) is poised to disrupt long-distance telephone markets dramatically, reducing the cost of international calls to pennies per minute or zero, if one has the right equipment. At the same time, security concerns related to viruses and hacking are raised.\textsuperscript{37} On a business-to-business level, supply chains are woven together and software allows them to operate effectively and be responsive to the marketplace.\textsuperscript{38}

With the establishment of the World Wide Web, high school students can have access to the same quality of information that the best researchers have! At the same time that technology has brought us closer, it has also produced a technological divide between have and have-nots that has the potential to produce social and political instability.\textsuperscript{7} Lack of access to clean water, sufficient food, and needed medication is far less likely to be tolerated in silence when media images tell us that

\textsuperscript{7}The effects are not straightforward as shown by the move of MIT’s media lab to create a $100 laptop computer for disadvantaged youth in Africa, Asia, and around the world. (See: http://laptop.media.mit.edu).
others have an abundance of such resources and lack the will to share. Technology transforms our relationships—blogging is commonplace; in 2005, over 12% of U.S. newlyweds met online.39

Our purpose is not to catalogue all new and emerging technologies. Rather, our intent is to signal to change leaders the importance of paying attention to technological trends and the impact they may have on organizations, now and in the future. As a result of these forces, product development and product life cycles are shortened and managers are driven to respond in a time-paced fashion. Competition can leapfrog your organization in quantum leaps and drop your organization into obsolescence through a technological breakthrough. The advantages of vertical integration can vanish as technical experts in one segment of the business drive down the costs and then migrate the technology through outsourcing to other segments that have not anticipated such changes. The watchwords for change leaders are to be aware of technological trends and to be proactive in your consideration of how to respond to organizationally relevant ones.

Political Changes

The external political landscape of an organization is a reality that change leaders need to figure out how to respond to. Even the largest of multinationals has minimal impact on the worldwide alteration of national boundaries and the focus of governing bodies.40

The collapse of the Soviet Empire gave rise to optimism in the West that democracy and the market economy were the natural order of things, the only viable option for modern society.41 With the end of communism, there was no serious competitor to free-market democracy, and the belief existed that the world would gradually move to competitive capitalism with market discipline. The American hegemony would rule the world.

Of course, this optimism was not fully realized. Nationalistic border quarrels (India-Pakistan, for example) became huge issues. Some African countries have become less committed to democracy (Zimbabwe and the Sudan). Nation-states have dissolved into microstates (remember Yugoslavia?). The definition of the free market has been challenged by Tony Blair and others in the European community. And while American power may be dominant worldwide, September 11, 2001 (9/11), demonstrated that even the dominant power may not be able to guarantee safety. Non-nation-states and religious groups have become actors on the global stage. The Middle East and Central Asia continue to be in turmoil creating political and economic uncertainty. At the same time, the markets of China and India are on a “tear.”42

Though their markets retain significant elements of state control, Russia and China have become new and more open markets. Kazakhstan offers promise of oil opportunities. The events of 9/11 shut down significant corporate air travel for months and have organizations rethinking the need for face-to-face meetings. Security concerns of nation-states have altered the flow of goods and people among nations, and regional rivalries continue to be a topic that must be kept in mind. Organizations have had to respond to these shifts.
As organizations become global, they need to clarify their own ethical standards. Not only will they need to understand the law, they will have to determine what norms of behavior they will work to establish for their organization members. Peter Eigen, chairman of Transparency International, states, “Political elites and their cronies continue to take kickbacks at every opportunity. Hand in glove with corrupt business people, they are trapping whole nations in poverty and hampering sustainable development. Corruption is perceived to be dangerously high in poor parts of the world, but also in many countries whose firms invest in developing nations.”

This political corruption becomes imbedded in organizations. Transparency International finds bribery most common in public works/construction and arms and defense as compared with agriculture. The accounting and governance scandals of 2001–2002 (Enron, WorldCom) created a demand for both new regulation and an emphasis on ethical role models.

The politics of globalization and the environment have created opportunities and issues for organizations. The Kyoto Accord will change the costs of operating for businesses in nations that sign on to the accord. At the same time, they may develop new technologies that will bring profits in the future. Earlier experiences with environmental initiatives such as acid rain and ozone depletion show a strikingly similar pattern: corporate resistance and doom-and-gloom predictions, followed by innovation and growth. Senge from MIT argues that the new environmentalism will be driven by innovation and will result in radical new technologies, products, processes, and business models.

In fall 1999 the sustainability consortium was hosted by the Xerox “Lakes” team that had developed the Document Center 265 copier. Already aware of the team’s innovations in design for remanufacture (more than 500 patents came from the Lakes project) and the product’s success in the marketplace, we learned about how the team’s zero-waste vision translated into a manufacturing facility with virtually no waste.

We had all heard the Lakes motto, “Zero to landfill, for the sake of our children.”

The politics of the world are not the focus of many managers, but change leaders need to understand their influence on market development and attractiveness, competitiveness, and the resulting pressures on boards and executives. A sudden transformation of the political landscape can trash the best-laid strategic plan. Successful change leaders will have a keen sense of the opportunities and dangers involved in political shifts.

What Are the Implications for Change Management of Worldwide Trends?

The economic globalization of the world, the demographic shifts in the Western world’s population, technological opportunities, and upheaval and political uncertainties form
the reality of organizational environments. Predicting specific short-run changes is a fool’s errand. Nevertheless, change leaders will have a keen sense of just how those external events may impact internal organizational dynamics. “How will external changes drive strategy and internal adjustments and investments?” will become a critical question that change leaders will want to address.

Barkema suggests that macro changes will change organizational forms and competitive dynamics and in turn lead to new management challenges.47 (Table 1.3 summarizes Barkema’s article.) He describes three macro changes facing us today: (1) digitization of information, (2) integration of nation-states and the opening of international markets, and (3) the geographic dispersion of the value chain. These are leading to the globalization of markets. This globalization, in turn, will drive significant shifts in organizational form and worldwide competitive dynamics.

The new management challenges of greater diversity, greater synchronization and time-pacing requirements, faster decision making, more frequent environmental discontinuities, faster industry life cycles, increased obsolescence, and more competency traps all suggest more complexity and a more rapid organizational pace. Barkema argues that much change today deals with middle-level change—change

<table>
<thead>
<tr>
<th>Macro Changes and Impacts</th>
<th>New Organizational Forms and Competitive Dynamics</th>
<th>New Management Challenges</th>
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</thead>
<tbody>
<tr>
<td>Digitization leading to:</td>
<td>Global small and medium-sized enterprises</td>
<td>Greater diversity</td>
</tr>
<tr>
<td>Faster information</td>
<td>Global constellations of organizations (i.e., networks)</td>
<td>Greater synchronization</td>
</tr>
<tr>
<td>transmission</td>
<td>Large, focused global firms</td>
<td>requirements</td>
</tr>
<tr>
<td>Lower-cost information</td>
<td>All leading to: Spread of autonomous,</td>
<td>Greater time-pacing</td>
</tr>
<tr>
<td>storage and transmission</td>
<td>dislocated teams</td>
<td>requirements</td>
</tr>
<tr>
<td>Integration of states and</td>
<td>Digitally enabled structures</td>
<td>Faster decision making,</td>
</tr>
<tr>
<td>opening of markets</td>
<td>Intense global rivalry</td>
<td>learning, and innovation</td>
</tr>
<tr>
<td>Geographic dispersion of</td>
<td>Running faster while seeming to stand still</td>
<td>More frequent environmental</td>
</tr>
<tr>
<td>the value chain</td>
<td></td>
<td>discontinuities</td>
</tr>
<tr>
<td>All leading to:</td>
<td></td>
<td>Faster industry life cycles</td>
</tr>
<tr>
<td>Globalization of markets</td>
<td></td>
<td>Faster newness and</td>
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<td>obsolescence of knowledge</td>
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<td>Risk of competency traps</td>
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<td>where old competencies no</td>
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that is more than incremental but not truly revolutionary. As such, middle managers will play increasingly significant roles in making change effective in their organizations in both evolutionary and revolutionary scenarios.

**What Types of Organizational Change Exist?**

Earlier we mentioned common types of organizational change: mergers, acquisitions, buyouts, downsizing, restructuring, outsourcing the human resource function of our computer services, departmental reorganizations, installations of new incentive systems, and shutting down particular manufacturing lines or opening new branches in other parts of the country. All of these describe specific organizational changes. The literature on organizational change classifies different changes into two types, episodic/discontinuous change and continuous change. That is, change can be dramatic and sudden—the introduction of a new technology that makes your business obsolete or new government regulations that immediately shift the competitive landscape; or change can be much more gradual—the alteration of core competencies of an organization through training and adding key individuals.

Under dramatic or episodic change, organizations are seen as having significant inertia. Change is infrequent and discontinuous. Reengineering programs are examples of this type of change and can be viewed as a planned example of injecting quantum or significant change in an organization. On the other hand, under continuous change, organizations are seen as emergent and self-organizing where change is constant, evolving, and cumulative. Japanese automobile manufacturers have led the way in this area with *kaizen* programs focused on encouraging continuous change.

Further, change can occur in a proactive, planned, and programmatic fashion, or it can happen reactively, in response to shifts in external events. Programmatic or planned change occurs when managers anticipate events and shift their organizations as a result. For example, Intel anticipates and appears to encourage a cycle of computer chip obsolescence. As a result, their organization has been designed to handle that obsolescence. Alternately, shifts in an organization’s external world lead to a reaction on the part of the organization. For example, the emergence of low-cost airlines has led to traditional carriers employing reactive strategies, cutting routes, costs, and service levels in an attempt to adapt.

Nadler and Tushman provide another way of thinking about the scope of changes. They have developed a useful model to illustrate different types of change (see Table 1.4). They start with a systems perspective and argue that changes can vary from evolutionary, incremental, and adaptive changes to ones that are much more revolutionary and strategic in nature. Typically, incremental changes focus on the individual components in the systems model and have as their goal the improvement of performance through regaining, maintaining, or incrementally enhancing the congruence of those elements within the organization. For example, realigning the information system so that customer service representatives can provide customers with more accurate and timely product information is an incremental change. More revolutionary or strategic changes involve many, or potentially all, organizational systems and require us to substantially reshape our frames of
reference concerning how the organization should operate. For example, low-cost airlines are transforming the airline business by changing how we think about the organization of airlines. No longer do we think of “hub and spoke” routes, full-service trips (economy to first class), and multiple plane types. Instead we focus on “point to point” routes, single service level (economy class), and single plane types.51

Tuning is defined as small, relatively minor changes made on an ongoing basis in a deliberate attempt to improve the efficiency or effectiveness of the organization.

Table 1.4 Types of Organizational Change

<table>
<thead>
<tr>
<th>Incremental/Continuous</th>
<th>Discontinuous/Radical</th>
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</thead>
<tbody>
<tr>
<td><strong>Tuning</strong></td>
<td><strong>Redirecting or Reorienting</strong></td>
</tr>
<tr>
<td>- Incremental change made in anticipation of future events</td>
<td>- Strategic proactive changes based on predicted major changes in the environment</td>
</tr>
<tr>
<td>- Need is for internal alignment</td>
<td>- Need is for positioning the whole organization to a new reality</td>
</tr>
<tr>
<td>- Focuses on individual components or subsystems</td>
<td>- Focuses on all organizational components</td>
</tr>
<tr>
<td>- Middle management role</td>
<td>- Senior management creates sense of urgency and motivates the change</td>
</tr>
<tr>
<td>- Implementation is the major task</td>
<td>- E.g., a major change in product or service offering, in response to opportunities identified</td>
</tr>
<tr>
<td>- E.g., a quality improvement initiative from an employee improvement committee</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Adapting</strong></th>
<th><strong>Overhauling or Re-Creating</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Incremental changes made in response to environmental changes</td>
<td>- Response to a significant performance crisis</td>
</tr>
<tr>
<td>- Need is for internal alignment</td>
<td>- Need to reevaluate the whole organization, including its core values</td>
</tr>
<tr>
<td>- Focuses on individual components or subsystems</td>
<td>- Focuses on all organizational components to achieve rapid, systemwide change</td>
</tr>
<tr>
<td>- Middle management role</td>
<td>- Senior management create vision and motivate optimism</td>
</tr>
<tr>
<td>- Implementation is the major task</td>
<td>- E.g., a major realignment of strategy, involving plant closures and changes to product and service offerings, to stem financial losses and return the firm to profitability</td>
</tr>
<tr>
<td>- E.g., modest changes to customer services, in response to customer complaints</td>
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</tbody>
</table>

Responsibility for acting on these sorts of changes typically rests with middle management. Most improvement change initiatives that grow out of existing quality improvement programs would fall into this category. Adapting is viewed as relatively minor changes made in response to external stimuli—a reaction to things observed in the environment such as competitors’ moves or customer shifts. Relatively minor changes to customer servicing that are stimulated by reports of customer dissatisfaction or defections to a competitor provide an example of this sort of change, and once again, responsibility for such changes tends to reside within the role of middle managers.

Redirecting or reorientating involves major, strategic change resulting from planned programs. These frame-bending shifts are designed to provide new perspectives and directions in a significant way. For example, a shift in a firm to truly develop a customer service organization and culture would fall here. Finally, overhauling or re-creation is the dramatic shift that occurs in reaction to major external events. Often there is a crisis situation that forces the change—thus, the emergence of low-cost carriers is forcing traditional airlines to re-create what they do. Likewise, many domestic consumer manufacturing firms, facing brutal price competition, are having to radically realign themselves and their activities in the marketplace.

The impact of the change increases in intensity as we move from minor alterations and fine-tuning to changes that require us to reorient and re-create the organization. Not surprisingly, these latter forms of change are much more difficult and time-consuming to effectively manage because of the increasing complexity attached to them. They also have a greater impact on individuals who must reorient themselves correspondingly.

An examination of the history of British Airways (BA) provides a classic example of a single organization facing both incremental and discontinuous change while both anticipating issues and being forced to react. Todd Jick’s case study describes the crisis of 1981. BA’s successful response in the 1980s was revolutionary in nature. The slow decline in the 1990s occurred as the systems and structures of BA became increasingly incongruent with the new deregulated environment and the successful competitors that were spawned by it. Since then, major upheavals in international travel have pushed BA into a reactive mode, and the results of management’s attempts to develop new strategies are unclear. A strike in the summer of 2003 created more uncertainty for the firm. While profits have recovered, pension obligations and a new boss continue that uncertainty.

Nadler and Tushman’s model raises the question, “Will incremental change be sufficient or will radical change be necessary in the long run?” Suffice it to say that this question has not been answered. However, the Japanese provided a profound lesson in the value of incremental, daily changes. Interestingly enough, it was a lesson the Japanese industrialists learned from North American management scholars such as Duran and Deming. When you observe employee involvement and continuous improvement processes effectively employed, you also see organizational team members that are energized, goal directed, cohesive, and increasingly competent because of the new things they are learning. They expect that tomorrow will be a little different from today. Further, when more significant changes have to be embraced, team members are likely to be far less resistant and fearful of them,
because of their earlier experiences with facilitating change within group structures. Organizational change appears to be easier for them. Many of us tend to think of incremental/continuous change and discontinuous/radical change as states rather than a perspective or a spectrum of change size. From the organization’s point of view, a departmental reorganization might seem incremental. However, from the department’s perspective, it will seem discontinuous and radical. As Gareth Morgan puts it,

A mythology is developing in which incremental and quantum change are presented as opposites. Nothing could be further from the truth... True, there is a big difference between incremental and quantum change when we talk of results (but) incremental and quantum change are intertwined. As we set our sights on those 500% improvements, remember they’re usually delivered through 5, 10, and 15% initiatives.56

Morgan’s observations deserve more than passing attention. We saw earlier that organizations seek stability and predictability and attempt to manage things with that goal in mind. Incremental changes help to advance that agenda and assist the organization in adjusting to the internal and external pressures that build over time. However, is it inevitable that there will be times when incremental changes are simply not sufficient to cope with the magnitude of needed alterations? If so, this leads to the need for more revolutionary and radical changes.

The perception of the magnitude of the change lies in the eye of the beholder. Incremental changes at the organization level may appear disruptive and revolutionary at a department level. However, as noted earlier, those who are accustomed to facing and managing incremental change on a regular basis will likely view more revolutionary changes in less threatening terms. Those who have not faced and managed change will be more likely to view even incremental changes as threatening in nature.

Organization members need to learn to accept and value the perspectives of both the adaptor (those skilled in incremental change) and the innovator (those skilled in more radical change).57 As a change agent, personal insight regarding your abilities and preferences for more modest or more radical change is critical. The secret to successful organizational growth and development over time lies in the capacity of organization members to embrace both approaches to change at the appropriate times and to understand that they are, in fact, intertwined.

Planned Changes Don’t Always Produce the Intended Results

To this point, we have accepted the premise that change—even radical reconstruction—is becoming a necessary prerequisite to organization survival. However, successful change is extremely difficult to execute. Many types of change initiatives have failed: reengineering, total quality management, activity-based costing, joint optimization, strategic planning, and network structures.58 If we were to fully consider these failure rates when designing interventions or acquisitions, we might be too terrified to act.
As one manager put it, “The opportunity has turned out to be 10 times what I thought it would be. The challenges have turned out to be 20 times what I thought they were!” Unfortunately, inaction and avoidance are no solution. Maintenance of our organization’s status quo typically does not sustain or enhance competitive advantage, particularly in troubled organizations. Delays and halfhearted efforts that begin only after the problems are critical increase the costs and decrease the likelihood of a successful transformation. As Hamel and Prahalad put it, “No company can escape the need to re-skill its people, reshape its product portfolio, redesign its process and redirect resources.” Organizations that consistently demonstrate their capacity to innovate, manage change, and adapt over the years are the ones with staying power.

Hamel and Prahalad believe that restructuring and reengineering, on their own, do little to increase the capabilities of the firm. These two “r’s” increase profitability and can enhance competitiveness, but “in many companies . . . re-engineering (and restructuring) . . . are more about catching up than getting out in front.” Hamel and Prahalad argue that companies need to regenerate their strategy and reinvent their industry by building their capacity to compete.

Radical solutions both terrify and fascinate managers. Often managers are comfortable with relatively small technological fixes as the source of products, services, efficiency, and effectiveness. However, they tend to fear interventions that seem to reduce their control over situations, people, and outcomes. We argue that when we embrace technology but not people, we pay a steep price. We reduce the likelihood that the change will produce the desired results, and we fail to take advantage of the collective capacity of organization members to improve operations, products, and services. To say the least, this practice is extremely wasteful of human capacity and energy, causing it to atrophy over time. And recent evidence suggests that true productivity increases come only when the forms are reorganized, business practices reformulated, and employees retrained. Investment in infrastructure alone is insufficient.

Table 1.5 highlights common sources of difficulty that change initiators, implementers, and facilitators face when attempting to implement planned changes. There are many external factors that can frustrate or divert progress in unanticipated and undesirable directions, but this table does not address these. They will be dealt with later in the book. This table focuses on ways in which change leaders can act as their own worst enemies, self-sabotaging their own initiatives. They stem from predispositions, perceptions, and a lack of self-awareness. The good news is that they also represent areas that a person can do something about if they become more self-aware and choose to take off their blinders.

**What Is Required to Be a Successful Change Leader?**

Successful change leaders will balance keen insight with a driving passion for action. They will have that sensitivity to the external world described above and will be skilled “anticipators” of that world. They will have a rich understanding of organizational systems—their system in particular—and the degree to which continuous or strategic
Changes are appropriate. They will have a deep understanding of themselves, their influence and image, in their organizational context. They will have personal characteristics—a tolerance for ambiguity, emotional maturity, self-confidence, comfortableness with power, a keen sense of risk assessment, a need for action and results, and persistence grounded in reasoned optimism and tenacity. Finally, while they will be curious and have a strong desire to learn, they will have a deep and abiding distrust of organizational fads and will recognize the negative impact of fad surfing in organizations.\textsuperscript{64} Change leaders who see the world in simple, linear terms will have more difficulty creating effective change.\textsuperscript{65}

Change leaders will understand the rich tapestry that forms the organizational culture. They understand the stakeholder networks that pattern organizational life. They recognize the impact and pervasiveness of organizational control systems (organizational structures, reward systems, measurement systems). They know and can reach key organization members—both those with legitimate power and position and those with less recognizable influence. And they understand which tasks are key at this point in time, given this environment and this organizational strategy.

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**Table 1.5** Common Managerial Difficulties in Dealing With Organizational Change

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<tbody>
<tr>
<td>1.</td>
<td>Managers are action oriented and assume that other rational people will see the inherent wisdom in the proposed change and will learn the needed new behaviors (or managers will be able to replace them).</td>
</tr>
<tr>
<td>2.</td>
<td>Managers assume they have the power and influence to enact the desired changes, and they underestimate the power and influence of other stakeholders.</td>
</tr>
<tr>
<td>3.</td>
<td>Managers look at the transition period as a cost, not an investment.</td>
</tr>
<tr>
<td>4.</td>
<td>Managers are unable to accurately estimate the resources and commitment needed to facilitate the integration of the human dimension with other aspects of the change (e.g., systems, structures, technologies).</td>
</tr>
<tr>
<td>5.</td>
<td>Managers are unaware that their own behavior (and that of other key managers) may be sending out conflicting messages to employees and eventually customers.</td>
</tr>
<tr>
<td>6.</td>
<td>Managers find managing human processes unsettling (even threatening) because of the potential emotionality and the difficulties they present with respect to prediction and quantification.</td>
</tr>
<tr>
<td>7.</td>
<td>Managers simply lack the capacity (attitudes, skills, and abilities) to manage complex changes that involve people.</td>
</tr>
<tr>
<td>8.</td>
<td>Managers’ critical judgment is impaired due to factors related to overconfidence and/or group-think.</td>
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</table>

Successful change leaders will know their personal skills, style, and abilities and how those play throughout the organization. Their credibility will be the bedrock on which change actions are taken. Because change recipients will be cynical and will examine how worthy the leaders are of their trust, change leaders must be aware of their personal blind spots and ensure that these are compensated for whenever needed.

Change leaders will also embrace the paradoxes of change:

They will be involved in both driving change and enabling change. Change leaders will understand the need to persist and drive change through their organization. Without such determination, organizational inertia will slow change and other organizations will race ahead. At the same time, change leaders will recognize that getting out of the way might be the most helpful management action to be taken. When those around a manager are following a passion, the best thing might be to help in whatever way possible or to provide resources to make things happen.

They will recognize that resistance to change is both a problem and an opportunity. Change resistance happens in planned change. Overcoming such resistance is frequently necessary to make progress. However, change leaders recognize that there are often good reasons for resistance—the person resisting is not just being difficult or oppositional, they often know things or have perspectives that cast doubt on the wisdom of change. Change leaders need to recognize this and work actively to overcome this paradox.

Good change leadership focuses on outcomes but is careful about process. Far too often change programs get bogged down because a focus on results leads change implementers to ignore good process. At the same time, too much attention to process can diffuse direction and lead to endless rituals of involvement and consultation. Good change leaders learn how to manage this balance well.

Change leaders recognize the tension between “getting on with it” and “changing directions.” The environment is always changing. We can always modify our objectives and respond to the environment. But if we do this repeatedly, we never settle on a design and direction and as a result will fail to get things done. Keeping the focus on the overall long-term direction while making adjustments can make sense. The trick is to understand and balance this tension.

Change leaders understand the need to balance patience and impatience. Impatience may prove very helpful in overcoming inertia and fear, generating focus, energizing a change, and mobilizing for action. However, patience can also prove a valuable tool in reducing tension and establishing focus and direction, by providing time for people to learn, understand, and adjust to what is being proposed.

Finally, today’s change leader knows that in today’s global competition, what matters is not the absolute rate of learning but rather the rate of learning compared to the competition. And if your organization doesn’t keep pace, it loses the competitive race.
The Outline of This Book

In this chapter, we have introduced organizational change and our orientation to that change. Throughout the book, we take an applied action orientation, encouraging readers to embrace change to make things happen. To facilitate this, we will lay out a sequence of steps and tools that systematically lead people to successful organizational change.

Chapter 2 begins this by providing a process model for change. This model focuses on how change agents can think about change: the need for change, the gap between what exists and what is desired, and the action steps necessary to close that gap. Chapter 3 deals with what needs to change by providing organizational models that give us a better understanding of organizations. Chapter 4 deals with both the need for change and the creation of a compelling change vision. Chapters 5, 6, 7, and 8 expand this understanding by examining organizational systems and structures, stakeholders, change recipients, and change leaders. Chapter 9 takes these insights to develop logical, systematic action plans. Finally, Chapter 10 focuses on the measurement of change to enable us to better manage the change process, consider what changes have been accomplished, and help identify what is needed next.

Summary

This chapter defines organizational change as a planned alteration of organization components to improve the effectiveness of the organization. It outlines the change roles that exist in organizations: change initiator, change implementer, change facilitator, and change recipient. Change leaders or change agents could be any of the four roles: initiator, implementer, facilitator, or recipient.

The forces that drive change today are classified under social, demographic, technological, economic, and political forces. Environmental shifts create the need for change in organizations and drive much organizational change today. Four types of organizational change—tuning, reorienting, adapting, and re-creating—are outlined.

Finally, the nature of change leaders is discussed, and some of the paradoxes facing them today are examined.
Glossary of Terms

Organizational Change—For the purposes of this book, organizational change is defined as a planned alteration of organizational components to improve the effectiveness of the organization. By organizational components, we mean the organizational mission and vision, strategy, goals, structure, process or system, technology, and people in an organization. When organizations enhance their effectiveness, they increase their ability to generate value for those they are designed to serve.

The Open Systems View of Organizations looks at the web of structures, systems, and processes that underpin the organization. They are interrelated and affect one another and are also influenced by what happens in the external environment they are situated in.

Organizational Development is based in psychology and is focused on bringing about organizational improvement, with primary attention to human factors.

Roots of Change—Organizational Development Perspective

Small-Group Training focuses on creating change by improving self-awareness and the group’s dynamics.

Survey Research and Feedback uses the analysis and feedback of sophisticated surveys, combined with employee participation, to create the need for change.

Action Research encourages the use of action, based on research, in continuous cycles. In essence, one learns by doing, followed by observation, doing, and more learning.

Sociotechnical Systems Change focuses on the interaction between the sociological and technical sub-systems of the organization and describes change in more holistic terms.

Change Management is based in a broad set of underlying disciplines (from the social sciences to information technology), tends to be strategy driven, with attention directed to whatever factors are assessed as necessary to the successful design and implementation of change.

Change Initiator—The person who identifies the need and vision for change and champions the change.

Change Implementer—The person responsible for making certain the change happens, charting the path forward, nurturing support, and alleviating resistance.

Change Facilitator—The person who assists Initiators, Implementers, and Recipients with the change management process. They identify process and content change issues and help resolve these, foster support, alleviate resistance, and provide other participants with guidance and counsel.

Change Recipient—The person who is affected by the change. Often the person who has to change his or her behavior to ensure the change is effective.

Change Leader or Change Agent—These two terms are used interchangeably in the text to describe those engaged in change initiator, implementer, or facilitator roles. All those involved in providing leadership and direction for the change fall within their broad coverage.

PEST Factors—The political, economic, social, and technological environmental factors that describe the environment or context in which the organization functions.
Macro Changes—Large-scale environmental changes that are affecting organizations and what they do.

Incremental/Continuous Change—Organizational changes that are relatively small in scope and incremental in nature. They may stem from the tuning of existing practices or represent an incremental adaptation to environmental changes.

Discontinuous/Radical Change—Changes that are broad in scope and impact and that may involve strategic repositioning. They usually occur in anticipation of or reaction to major environmental changes and are discontinuous in that they involve changes that are NOT incremental in nature and are disruptive to the status quo.
TOOLKIT EXERCISE 1.1

Change Roles in Your Organization

Pick an organization that you are familiar with—an organization you have worked for either full-time or part-time, a school you have attended, or a voluntary association you know such as a baseball league.

Who plays what change roles in the organization? How do individuals work at those roles? What are the consequences of their roles? How do individuals achieve effective change? Take a moment to identify people in your organization who play each of the roles: change recipient, change initiator, change facilitator, and change implementer.

What roles do you play? Think of a time when you have been involved in change. What role did you play? How comfortable were you with each of those roles?

Think back on your personal organizational history. When did you fill the role of:

Change Initiator?

Change Implementer?

Change Facilitator?

Change Recipient?

How did each of these roles feel? What did you accomplish in each role?
TOOLKIT EXERCISE 1.2

Analyzing Your Environment

Select an organization you are familiar with. What are the key environmental issues affecting the organization? List these and their implications for the organization.

The organization:

Political Factors:

Implications:

Economic Factors:

Implications:

Social Factors:

Implications:

Technological Factors:

Implications:

Legal Factors:

Implications:
Notes

3. Personal experience of the authors.


27. Ibid., Table 4, p. 9.


35. Wieners, B. 8 Technologies that will change the world (2002, June). *Business 2.0,* 79.


40. Others believe otherwise. Note the protests whenever the WTO meets, for example.


46. Ibid., p. 31.


54. Lining up for profits: After losing $43 billion in five years, airlines are at the beginning of a massive boom. (2005, November 10). *The Economist* (print ed.).


58. The life cycle of interventions is readily apparent in the management literatures. First comes the concept, accompanied or followed closely by examples of successful implementation. Next are cautionary notes, examples of failure, and remedies. As the luster fades, new approaches emerge in the literature and the process recurs, hopefully building upon earlier learning. For example, see Miles, R. E., & Snow, C. C. (1992). Causes of failure in network organizations. *California Management Review*, (34), 53–72.


