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SOURCES FOR UNDERSTANDING ORGANIZATION CHANGE

INTRODUCTION AND OVERVIEW

Organizations change all the time, each and every day. The change that occurs in organizations is, for the most part, unplanned and gradual. Planned organization change, especially on a large scale, affecting the entire system is unusual—not exactly an everyday occurrence. Revolutionary change—a major overhaul of the organization resulting in a modified or entirely new mission, a change in strategy, leadership, and culture—is rare indeed. Most organization change is evolutionary. These two distinctions, planned versus unplanned and revolutionary versus evolutionary, represent core themes of this book. To be unequivocal here at the outset, the emphasis is more on planned and revolutionary change.

The reason for this emphasis is the clear and present need for a greater depth of understanding of organization change. The fact that current and future changes in the external environments in which organizations function are now occurring so rapidly require that organizational executives constantly monitor and attempt to understand what is the nature of these changes in their respective marketplaces and in the broader world environment. Unlike the situation a few decades ago, the external environment now changes much more rapidly than organizations do. Organizations today are playing catch-up, and certainly they will do so even more in the future. Capital markets, for example (see Chapter 2), are definitely changing more rapidly than the business organizations that depend on them. Moreover, business organizations in particular do not last as long as they have in the past. Thus, we need to know much more than ever before about how to understand, lead, manage, and, in particular, change organizations. And this gives rise to the purpose of this book.

In attempting to understand organizations in greater depth, another distinction is important. Organizations are created and developed on an assumption of continuity, to continue surviving, and to last. The external environment, while continuously “out there,” is *not* continuous in the same sense that organizations are. Factors and forces in an organization’s external environment are discontinuous, do not fit neatly together in a pattern, are not interdependent, homeostatic, linear, or highly predictable. Forces in the external environment can cause destruction but can cause creativity as well. This continuous–discontinuous theme also runs throughout the book and is analogous to the organizational theory literature; this body of books and articles addresses mainly continuity and stabilization, not discontinuity and change.

Although not exclusively, many sources for help in writing this book had to come from the nontraditional literature.

First, as noted, the organizational theory literature is about continuity and stabilization. So one must search diligently for theory about organization change. Such literature exists, although not in abundance, and much of it is cited and relied on in this book. In addition to using theoretical references, I have also relied on models of organizations that come from the organization change literature. Models are important because they help to link theory with practice. In fact, models are covered in 5 of the 18 chapters in this book.

A *second* potential source for knowledge and assistance is the trade literature, professional books written by consultants, and experienced practitioners such as Peters and Waterman (1982) with their best seller, *In Search of Excellence*, and later, *Built to Last*, by Collins and Porras (1994). These writings typically focus on organization exemplars: This is what to learn from, to model, and to follow. The authors draw conclusions from these model organizations and sometimes even derive principles about how organizations should be led and managed. Peters and Waterman had eight such principles, for example, “stick to your knitting.” Collins and Porras stressed the power of culture as facilitating continuity and stabilization over time. The problem here is that by using popular, actual organization cases as the base from which to derive principles, sooner or later—and today it is much sooner rather than later—the organizations studied and showcased no longer illustrate the principles because things have changed. The model organizations have perhaps fallen on bad times, have become acquired, or worse, have filed for Chapter 11. The principles become passé, are no longer (if they ever were) relevant, and are soon forgotten. Sticking to one’s knitting in this day and age may be the opposite of what to do in business. In fact, in a recent article, Peters (2001) “confesses” that a number of the conclusions in the 1982 book were guesses and opinions rather than rigorously based on data.

Another form that trade books take is for the author(s) to distill “wisdom” from many years of experience as a consultant, a teacher, an executive, or some combination of these roles. The accumulated wisdom is based on lessons learned. Such books by executives include the following: Rudolph Giuliani’s (2002) *Leadership*, Jack Welch’s (2001) *Jack: Straight from the Gut*, and Larry Bossidy and Ram Charan’s (2002) *Execution: The Discipline of Getting Things Done*.

A highly popular book on organization change by a consultant is the one by Peter Block (1981) on flawless consulting. The book is based on the author’s many years of both internal and external consulting and provides a “guide for developing the necessary skills for ‘flawless’ consulting” (from the dust jacket). The author provides “suggestions for further reading” of other books; otherwise, there are no references to any research or theory about organization change.

An example of this form of book, distilling wisdom, is John Kotter’s (1996) *Leading Change*. Kotter, an academic, a frequent speaker at conferences, and an occasional

consultant, draws on his experience in executive programs discussing with participants' cases of organization change, and he wrote many of the cases himself. From these experiences, he declares that leading change consists of an eight-stage process:

1. Establishing a sense of urgency
2. Creating the guiding coalition
3. Developing a vision and strategy
4. Communicating the change vision
5. Empowering employees for broad-based action
6. Generating short-term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture

Kotter (1996) provides many examples throughout his coverage of the eight stages. His book has been popular and can still be easily found at your local bookstore. The book's popularity is due in part to (1) Kotter's status and reputation in the field, (2) his ability to distill into eight stages a mass of case examples, and (3) the face validity of the eight stages—they sound plausible and relevant.

This form of trade book, based on author experience and wisdom, can be helpful to the reader but nevertheless is problematical. Following Welch's ideas for how to bring about organization change, Block's guide for how to facilitate change as a consultant and Kotter's eight stages can be helpful, but remember that the wisdom is based on one individual's experience and knowledge. In Kotter's book, for example, there are no references and bibliography. But it is in the trade book category, after all, and such things are not necessarily expected. Without independent verification and validation that what these authors recommend actually works under a variety of circumstances, however, leaves me with some concerns and skepticism. Maybe it's just my nature. And can any of us achieve what Jack Welch did, even by following his advice? I seriously doubt it.

A *third* potential source is “story” books that have a clear and usually simple maxim to teach. The book tells a story, perhaps based on a metaphor or in allegorical form. A best seller in this genre is *Who Moved My Cheese?* (Johnson 1998). A more recent one is by our friend John Kotter (2005), written with his colleague Holger Rathgeber, titled *Our Iceberg Is Melting*. He now has published works in all three of my categories—organizational scholarly literature, trade books, and storybooks. Kotter and Rathgeber's *Iceberg* book is about a colony of penguins whose home, a large iceberg, is slowly melting and they must find a new home; in other words, they must deal with change. The dust jacket notes the following:

Their story is one of resistance to change and heroic action, confusion and insight, seemingly intractable obstacles, and the most clever tactics for dealing with those obstacles. It's a story that is occurring in different forms all around us today—but the penguins handle the very real challenges a great deal better than most of us.

The book includes attractive pictures and is indeed a charming story. Such books are easy and often fun to read. The author wants us to remember the maxim, and a story is a fine way to do it. These books often sell well. Unfortunately, they tend to oversimplify the theme(s) they are addressing. Regardless of how charming it might be, organization change is far too complex for a simple story to teach us what we ultimately need to know.

There are some books that are not as easy to categorize. They represent a combination of categories. The book summarized in Chapter 2 and in the Appendix by Foster and Kaplan (2001), *Creative Destruction*, is both a trade book and a research-based one. The premise of their book is that the external environment for corporations, especially capital markets, changes today more rapidly and is more complex than ever before. Moreover, corporations today experience what Foster and Kaplan referred to as “cultural lock-in”; they cannot change themselves rapidly enough to remain a high-performing organization—assuming they were in the first place. The authors of this book amass an impressive amount of data to support their premise.

Another example is the book by Pascale, Milleman and Gioja (2000), *Surfing the Edge of Chaos*, cited in this text and also summarized in the Appendix. This is a trade book that incorporates theory. The authors make their case for organization change and then assert that understanding the applicability of chaos theory and theory from life sciences will greatly facilitate successful change. Much of their book is devoted to cases from corporations around the world that support their arguments.

Yet another example of blending my categories and one that has been highly popular is *The Tipping Point*, by Malcolm Gladwell (2000). This book fits the trade category but is very effectively grounded in research, particularly from the social and behavioral sciences. In other words, Gladwell did his homework. *The Tipping Point* is applicable to organization change, as we will see in Chapter 18.

The sources for this book have therefore generally come from the type of organization literature that one would assume—organizational psychology, organization and management theory, and organizational behavior—but not exclusively. The life sciences have much to teach us about change and in fact have become a recent trend in the organization literature. Even the nontrendy *Harvard Business Review* published an article by Bonabeau and Meyer (2001) on “swarm intelligence.” The behavior of ants, with their flexibility, robustness, and self-organization (as the authors summarize it), can be applied to certain aspects of running a business and result in significant increases in efficiency. The primary source for this book in this domain is *The Web of Life* by Capra (1996).

Other sources are literature from chaos theory, from nonlinear complex systems theory, and from as far afield (although highly relevant) as Gladwell's (2000) book, *The Tipping Point*. For an annotated bibliography of these and other primary sources, see the Appendix which now includes the addition of Ron Chernow's biography of Alexander Hamilton, the true tale of a change leader par excellence.

To set the stage for the remainder of this sixth edition, let us consider a short story of launching an organization change effort.

A SHORT STORY OF LAUNCHING ORGANIZATION CHANGE

The president of Teachers College, Columbia University, holds regular meetings throughout the academic year of her President's Advisory Group, which is composed of the senior administrators of the college and the chairs of the 10 academic departments. As the former chair of the Department of Organization and Leadership, I was one of the attendees. At a recent meeting, the vice president for finance and administration presented an overview of a plan for refurbishing a significant portion of the physical plant of the college—that is, a reconstruction of classrooms, faculty, and staff offices. The reconstruction will require approximately two years. The need is obvious. Most of the Teachers College buildings are at least a century old. The faculty and staff occupying the affected space will have to move to temporary quarters for up to two years. About halfway through the VP's presentation, he was interrupted by one of my department chair colleagues. The chair stated rather emotionally that the change plan being presented was "very dangerous." This senior faculty member and department chair then elaborated on the "dangerous" comment by pointing out that people, especially faculty members, would not only be upset but their productivity and morale would plummet. Perhaps it goes without saying that this chair's department would be among those having to move to temporary offices.

In responding, the VP did not disagree about these possible consequences of the change; rather, he focused on the need to do something about our dated facilities—for example, taking advantage of new technology as well as creative and flexible use of space for our classrooms and offices. A few minutes later, another department chair, knowing something about my background and expertise, asked me to comment on the plan for change. Not daring to give a lecture on organization change to my colleagues, I limited my remarks to two points. *First*, I stated that for the person in a change leadership role—in this case, our VP—it was important to be as clear as possible about the future and what it would take to get there but in particular not to come across as defensive, to respond to questions as factually as possible, and to be patient. I added that in my opinion the VP had not been defensive. *Second*, it was also important for the change leaders to acknowledge that in the short run there would indeed be frustration, perhaps anger, and resentment. Maybe productivity would suffer for a period of time, but with a focus on the long term and what would be gained as a result, the whole

effort would be worthwhile. The shorthand version of my point was “short-term pain for long-term gain.”

After the meeting, a few attendees thanked me for my comments, but the aggravated department chair left without saying a word to anyone.

In the short hour of the VP’s coverage of the plans for change at the college, quite a number of principles regarding the organization change process were either explicitly addressed, like vision for the future, or at least implied such as the changing external environment. Next are brief statements of these principles, noting where they are covered in more depth in the relevant chapters that follow.

- *External environment.* As noted in Chapter 2, we typically begin an organization change effort by considering what is happening in the organization’s external environment. We need to be aware of the evidence that the external environment is changing more rapidly than ever before making it tougher and tougher for organizations to change themselves rapidly enough to keep up and stay competitive. Institutions of higher education are no exception. Being tuition dependent, Teachers College must be competitive by having state-of-the-art facilities and superb faculty. Thus, the reconstruction project is a response to this ever-changing, complex environment.
- *Expressing the need.* Organizational members must see the need for change for them to be willing to embrace it. Coupled with this expressed need is a way forward, what will address the need, what might be the goals. Thus, there are two actions that are required that can be expressed as (1) creating a sense of urgency and (2) providing a vision for the future. Chapter 5 provides more depth of coverage.
- *Consequences.* Spelled out in Chapter 2 is the paradox of planned change. We plan change in a linear fashion—Step 1, Step 2, Step 3, etc.—but quickly realize that the change itself is nonlinear. There are unintended consequences that we didn’t anticipate. Moreover, the change will be experienced as messy if not chaotic. In the case of Teachers College, some of the interim facilities may not be satisfactory and lead to even more frustration and anger.
- *Resistance.* While not everyone is likely to be resistant to change, some if not many will be as in the case of our department chair’s warning us of dangers ahead. There are individual differences regarding resistance and all resistances are not the same. So we take resistance seriously in this text in Chapter 6, and we revisit resistance in Chapters 15 and 16.
- *Change leader role.* Change, certainly planned change, is not likely to occur without leadership. The change leader needs to be transparent, nondefensive, persistent yet patient. Our change leader, the VP, is off to a good start by being clear, not defensive, and patient. But there are tough times ahead. Three

chapters are devoted to leadership with one focusing specifically on leading change: Chapters 14, 15, and 16.

By implication, our short case is based on the principle of an organization's being an open system influenced by its environment and context. This kind of thinking is based on the open-system theory (Chapter 4). Also, the forthcoming change at Teachers College is more evolutionary than revolutionary and should be managed accordingly (Chapter 5), and the change is more at the larger system level than at the group or individual level although all levels are involved to some degree (Chapter 6). Other chapters not mentioned here—Chapters 1, 3, 7 through 11, and 14—cover history, theory, research, and practice all in support of the main principles of organization. And with the addition of Chapter 13, we are addressing “those other organizations”, namely health care and government, that have not been adequately covered. Thus, we have much to cover, all of which is important and exciting, of course. So, let us proceed.

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