

CHANGE MANAGEMENT: GETTING A TUNED UP ORGANIZATION

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Abstract

Organizations as a whole and people specifically do not like to hear the word change. "Change" has a myriad of dreadful meanings in organizations such as, layoffs, downsizing, relocation and pay cuts. Employees have learned that when the word "change" is spoken to expect the bad but plan for the worst. For many people the prospect of change produces stress or tension in the workplace and on the employees that have to deal with the emerging process. The emergence of new technology, products and increased global competition will only facilitate the change that will be needed in order to compete. One cannot manage the past but can sure take charge of the future.

INTRODUCTION

"During this decade, American corporations will face a variety of developments. They will continue to experience the issues associated with globalization and new technological development. In domestic markets, they will encounter the expanding number of people riding the crest of the "Age Wave" and a variety of lifestyles. They will have to cope with baby boomers facing the issues of mid life changes with their interests turning towards family and quality of life. They will have to devote more attention to social and environmental issues and cope with a labor shortage. These trends will provide opportunities and require ongoing innovation in products and services. They will also require changes in organizational systems. Leaders of excellent firms are exploring the implications of these trends. They are developing innovations. They are transforming their firms to a new organizational form." (Holder, 2002, p. 1)

The third college edition of the Webster's New World Dictionary defines change as: to put or take (a thing) in place of something else, to make an exchange, a substitution. Another definition of change is: the letting go of the old and making strides toward obtaining the new or the end result, the journey in between is the transition. (M.A. Petrosky, personal communication, October 3, 2002). Fred Nickols, of the Distance Consulting Company, sums change up as " a matter of moving from one state to another, specifically from the problem state to the solved state."

Change is one variable that can humble the bravest and the brightest and

completely terrorize others. This leads to the matter of Change Management.

CHANGE MANAGEMENT

"The first and foremost obvious definition of change management refers to the making of changes in a planned and managed or systematic fashion." (Nickols, 2002, p. 1) Change Management is the art or science of making changes to a certain method or system in an orderly, systematic fashion, to make sense out of the organizational chaos that is permeating the company, its employees, its suppliers and vendors and most importantly its customers. The "change" that will take place to the organization is internal. This means that the change will take place within the confines of the company and not outside the "walls" of the organization. The reason for the change however might be completely externally oriented. For example, many companies might have to adjust their pricing or changes in their products, react to a large cut in funding, the need to attract new customers and business, the changing of their current customer base due to external conditions, (i.e. economy, aging, etc.), the increased need for productivity and the hiring or laying off of large quantities of employees and managers. Some changes take place when the new "Boss" or Chief Executive Officer takes over the company and their personal interaction or philosophies slowly but surely change the culture of the company or organization.

The backbone of Change Management is composed of a variety of hard and soft sciences drawn upon psychology, sociology, business administration, economics, industrial engineering, systems engineering and the study of human and

organizational behavior. (Nickols, 2002, p. 2)

Finally, yet importantly, Change Management theory includes a series of models, beliefs, concepts and principles known as the General Systems Theory (Nickols, 2002, p. 2). It has not yet been determined whether Change Management is an art, science, a profession or a discipline. It is more likely composed of a little of each and a totally separate entity in itself.

HOW "CHANGE" AFFECTS THE COMPANY

A little known writer by the name of Mark Twain summed it up eloquently by saying "You know, I'm all for progress. It's change that I object to." (Pieterse, 2002, p. 32) Organizations as a whole and people specifically do not like to hear the word change. "Change" has a myriad of dreadful meanings in organizations such as, layoffs, downsizing, relocation and pay cuts. Employees have learned that when the word "change" is spoken to expect the bad but plan for the worst.

For many people the prospect of change produces stress or tension in the workplace and on the employees that have to deal with the emerging process. Willie Pieterse, of the *Journal of Business Strategy*, has this perception on the change process. "For many people the specter of change produces what's sometimes called the FUD Factor—Fear, Uncertainty and Doubt." The psychology works like this:

- To change is to suffer loss of several kinds. We lose certainty, the comfort of the known and the familiar. We lose the sense of competency, the financial security and the status we enjoy in the existing order. And

when change is being imposed upon us (as is often the case in a corporate setting), we lose the sense of control.

- Because change involves the loss, people must be persuaded that the gains will be greater than the losses if they are to embrace change.
- To succeed, therefore, the driving forces in support of change must be greater than the restraining forces of Fear, Uncertainty and Doubt.

There are many differing opinions about the actual systematic process of implementing change in the prototypical workplace. The number of steps ranges from three to thirteen depending on the individual and their overall opinion and beliefs. John P. Kotter in his book, *The Heart of Change, Real Life Stories of how People Changed Their Organization*, defines eight steps that will drastically enhance the change in the organization and help limit or lower the amount of stress or tension in the change model. They are as follows:

- 1. Increase Urgency-** The figurehead of the organization or company must constantly stress the urgency for the change. This will help focus the employees on the change at hand and leave little time to look back at the "old way". This first step, though important, must not be rushed upon the employees. However, the change must proceed at a brisk but well organized pace. This will quickly entrench the employees in the new beliefs and processes of the change and allow the old corporate beliefs to fade away quickly.
- 2 Build the Guiding Team –** Management must be well informed and have the mental and technical capabilities to enact the change. They

must be able to see the grand scheme while at the same time defining the individual employee's responsibility to the overall structure. They must be perceived as capable leaders who can answer most questions and if not can adequately respond to the employees in a timely manner.

- 3 **Get the Vision Right** – They must be able to define the company vision from the top level down to the grass roots level. They must define their vision and not deviate from it in midstream. This will only present the perception that management does not know what it is doing.
- 4 **Communicate for Buy-In** - They must be able to sell the workers and fellow employees of the need for change. Some change managers like to stress the good side of the change while putting down the old system as inadequate. Anyway, they must be able to sell the product to the line workers and managers as well as the shareholders if necessary.
- 5 **Create Short-Term Wins** - Management must set small goals that that can realistically be met. This will increase employee moral, show that the end is possible, and hopefully distract from the long and often difficult haul of the change.
- 6 **Empower Action** – They must allow their managers the power to take the reins and run with it. The managers must have the capabilities to guide the ship without constant fear of repercussions.
- 7 **Do not Let Up** – The act of the change must constantly be pressed onward, do not slow in your plan. Follow the guideline and press on ahead if things are working as planned. To stop in midstream would only jeopardize the

power of the new “way” since the employees or line workers would be stuck in the transition period.

- 8 **Make Change Stick** – You must live the new process. You cannot fall back to the old way once the change is made. To do this would only jeopardize confidence in management and their overall ability to lead the company into the future.

Change in any organization is one of the most, if not the most, stressful situations that a company will have to deal with. How a company deals with change can, in extreme cases, decides whether the company will continue to be profitable and forge ahead with new ideas and products and continue to renew their organizational life cycle or start the descent of the business. Most companies that have continued to stay in business and stay profitable have continually added, renewed and changed their product line, their customer base and the general way that they do business.

CHANGE MANAGEMENT AND THE EMPLOYEES

“Gaining employee support and buy in is a critical first step in managing change, but leaders can't stop there. Employees have to continually be motivated to change their behaviors throughout the change. To use the diet analogy once more, people may understand all the reasons why they have to lose weight, but without proper support and motivation, they might never muster the energy required to do so.”(Caudron, 2002, p. 3)

The first and most important step in initiating any change or massive reengineering project upon the company, certain departments or functional areas is

to clearly and easily define the need for change and why it will only help not hinder the organization. Management must define all the points and benefits for the change. They must communicate endlessly and tirelessly about the changes needed. Management can never communicate enough with their employees, the grass roots level where the change will have the most drastic effect.

Second, management must adequately train and prepare for the implementation. The employees or individuals that will be affected by the transformation must not only understand the reason for the change but must be able to implement the new technique, style or dynamic that the company or organization is changing over to.

They must be more than ready for the change when the time for change occurs. The company can provide mandatory training on or off premises. They can offer after hours training to individuals that want to ensure that they are proficient in the new system or dynamic.

Third, the management must have certain allotted time to help implement the change. As the old saying goes, you cannot run before you walk. The management must be allowed the time and resources to train their employees, to answer all questions and to address issues of problems that might be the result of the change. They must be allowed to let some other areas suffer while they address the most important issue, change. They must have certain target objectives and goals that can be obtained. To assign goals that are not obtainable and impossible will only hurt the change. The period in between the change from point A to point B is the transition. This transition period must contain obtainable goals in order for the employees and management to see the

light at the end of the tunnel. To deny this will cause negative repercussions on the reason for change and further cause employee and management resistance.

Fourth, the most important aspect for change is the constant recognition and praise for obtaining goals and to individuals that are embracing and supporting the change effort. Some studies have found that this non-monetary compensation is as good if not better than monetary compensation in some environments. The change manager must keep the group dynamics focused on the task at hand and not allow distractions from outside competitors to take away from their focus on the change.

TEN WAYS TO FAIL AT CHANGE

There are certain procedures and steps that must be implemented to enforce change in the environment. Dr. Terry Paulson, of Paulson and Associates, has come up with ten ways that management can take to make sure that the change fails and does not happen. This is a summary of those ten points with a brief explanation:

1. Never give in to selling any change when you can exercise your power by demanding it. Tact and communication does to authority what sugar does to teeth. After all if your people or team had any ideas worth listening to they would be the boss
2. Develop a varied arsenal of looks to master the put down. A well-placed sigh and a "that was dumb" stare can work wonders in silencing your people. Add verbal clinchers: "Are you kidding?" Try well placed sarcasm: "Yeah, I knew I would

- have this problem when I put a woman in charge!”
3. When providing performance feedback do not let them find their own solution when you can reinforce your position of authority by telling them what they obviously should have done. Be ready to use the Harvard Business review, your MBA notes or Dilbert cartoons to identify how defective they really are.
 4. Never deal with the issues when you can attack the person. When they criticize your ideas, question their attitude and commitment to the team. When they miss a deadline question their ability to handle responsibility. If they persist in making their point, keep them in place by saying, “[F I wanted your opinion I would give it to you!”
 5. Keep harping on the phrase, “More with less” to explain your downsizing, reorganizations and cost containment initiatives. Busy people are happy people whether they want to admit it or not. Don’t let your need to hold the line on wages to impress stockholders, stop you from taking the wage increases and bonuses you deserve for leading your team through such perilous times
 6. Never give information or strategic direction until you have to. Once you do, never change your position. Now, if there idea is really better, just wait a few weeks, make some slight adjustments, and then claim it as your idea. They will squawk in the restroom and lounges, but they will know what it is to respect authority.
 7. When things go wrong, you know whom to sacrifice. If by chance your team does succeed on their own, take the credit. After all, with effective leadership even turkeys can fly in unison for 50 feet.
 8. Build your own corporate torture chamber. Know how to schedule hours to produce maximum aggravation. Keep the pressure on my making them work with team members they hate and projects they have no skills to draw on.
 9. Never give recognition: it sets the stage for complacency. After all, they are lucky they have a job. If you thank them, all they do is ask for more money.
 10. Bark is as only good as a bite. Fear is a great motivator. Do not waste your time with petty, lengthy documentation with your tough employees; make a scene by threatening them with their job on the spot.

To summarize what Dr. Paulson (2002) listed above, management cannot over communicate change. Employees and managers must know in advance of the situation at hand. They must be allocated the resources to succeed. To withhold any type of information or due process is a recipe for failure. The managers must have the power to make decisions on the spot based on the information that they have available. They must have obtainable and realistic goals. Managers and employees must be allowed the freedom to make mistakes and to learn from them without fear of repercussion or public embarrassment. Most major solutions to change problems have come about by someone making a mistake and then later finding a better way to resolve the situation.

DOES CHANGE MANAGEMENT REALLY WORK?

Change Management involves a huge amount of resources monetarily and physically. Organizations must spend millions of dollars to upgrade their facilities, their computer networks, new product lines, to retrain new employees in the new systems and beliefs. This does not include the thousands of hours that employees must spend on their own to learn the new way of doing things. They must let go of the “old way” and all of the comfort and familiarity that went with it and embrace the “new” and extremely stressful way. They have to let go of their day-to-day confidence in their ability to handle problems the old way and learn to react in the new way. This causes tension in most employees whether visible or unseen. Management must spend countless hours in dealing with the emotional side of the change as well.

Richard Axelrod in his new book, *Terms of Engagement, Changing the Way We Change Organizations*, says that it just does not work. According to Axelrod (2002), “Traditional change management designed to infuse new life, creativity and innovation into an organization – instead breeds increased resistance and cynicism. Instead of synergy it creates polarization, with members of the change management team dictating strategy on one side and the remainder of the organization hovering fearfully on the other.”

He continues by claiming that the bureaucracy becomes even more layered than the change management intentions of flattening out the corporate structure. This creates more headaches and levels of management that must be worked through to resolve common issues and complaints that were easier done before the change.

This new change also creates a new autocratic style. The management is from the top down, the individuals that are demanding the change force their views upon the lower level employees. This often causes resentment of the change, anger and sometimes complete refusal to change. This filters down to productivity problems, attendance problems and in some extreme cases a strike of union workers.

Mr. Axelrod favors a disbanding of the change paradigm and implementing a new structure called the engagement paradigm. (2002) He invokes making the entire organization responsible for the change not a management team or outside consulting company that comes in and run the change process. He argues that this will only increase employee responsibility and thus enhance the change process. His logic is that no one employee will feel left out and they will understand the whole picture of the change. They will no longer have the few deciding for the many.

The main theory behind this new paradigm is that everyone is included. No one, not even the lowest person on the organizational structure, will be left out. They will be informed of the real reason for the change. They will understand how the change affects the company as a whole and each individual department. It will allow employees to buy into the change process. It is no longer seen as an abstract beast but a viable, living entity that can and must be embraced in order to change successfully the organization.

THE FUTURE OF CHANGE MANAGEMENT

The first misconception that any company or individual must come to terms with is that change will never end. No

longer can an organization or companies afford to be placated in their current way of doing business. Companies must always be looking for new and improved ways to enhance their productivity, their customer service and their sales goals. They must weigh the cost both cognitively and financially to the organization and the employees. What type of mental and financial strain will take place from the change and is it worth it?

Change will never stop, change is always happening. It is the natural life cycle of man, nature and business. A company cannot be afraid to implement change. They must understand that change is not always successful and must embrace the unknown in the change process. Too many companies settle for the outdated processes that are tried and true and familiar. They do not want to embrace change, they are afraid of failure. Nevertheless, without some failure any organization cannot grow. The sooner any company makes their error the sooner they can turn it into a useful learning experience.

To sum it up in one quote by Norman R. Augustine, President of Lockheed Martin, "The thing that we did that was most helpful was to visit seven or eight companies.... That had done a lot of mergers and acquisitions. We sat down with their CEOs, COOs and CFOs and asked them to share with us the things they'd done right and wrong to see what advice they would give us. We learned a lot of lessons. One that it is much better than to be eighty percent right fast than a hundred percent right slow; make the tough decisions and get them over with. Be very honest, candid and open, and don't try to sugarcoat the bad news; take the short term hits to do what's best for the long term." (Paulson, 2002, p. 5)

CONCLUSION

Change Management is a topic that will evoke more continued debate as the current economic and global climate demands constant evolution if companies want to succeed. The emergence of new technology, products and increased global competition will only facilitate the change that will be needed in order to compete. One cannot manage the past but can sure take charge of the future.

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