Change

Learning Organizations

- Organizations that survive and prosper the best are learning organizations.
- In learning organizations, everyone:
  - sets aside the old ways of thinking.
  - becomes self-aware and open to others.
  - learns how the whole organization works.
  - understands and agrees to a plan of action.
  - works together to accomplish the plan.

Challenges of Change

- Six components of strategic leadership:
  - Determining the organization's purpose or vision.
  - Exploiting and maintaining the organization's core competencies.
  - Developing the organization's human capital.
  - Sustaining an effective organizational culture.
  - Emphasizing and displaying ethical practices.
  - Establishing balanced organizational controls.

Challenges of Change

- Innovation is the process of creating new ideas and putting them into practice.
- Two forms of innovation:
  – Process
    - Results in better ways of doing things
  – Product
    - Results in the creation of new or improved goods and services

Innovation

- Invention
  – Act of discovery
  – Relates to the development of new ideas
- Application
  – Act of use
  – The utilization of inventions to take the best advantage of ideas

Innovation = Invention + Application

Innovation

- Four steps of the product innovation process:
  – Idea creation
  – Initial experimentation
  – Feasibility determination
  – Final application

Challenges of Change

- In highly innovative organizations, corporate strategy and culture should …
  – Emphasize an entrepreneurial spirit.
  – Expect innovation.
  – Accept failure.
 – Be willing to take risks.

Challenges of Change

- In highly innovative organizations, organization structure should …
  – Be organic with lateral communications and cross-functional teams and task forces.
  – Create numerous smaller divisions to allow creative teams to operate and to encourage intrapreneurial ventures.

Challenges of Change

- In highly innovative organizations, staffing should fulfill five critical innovation roles:
  – Idea generators
  – Information gatekeepers
  – Product champions
  – Project managers
  – Innovation leaders

Challenges of Change

- In highly innovative organizations, top management should …
  - Understand the innovation process.
  - Be tolerant of criticism and differences of opinion.
  - Take all possible steps to keep goals clear.
  - Maintain the pressure to succeed.
  - Break down barriers to innovation.

Managerial Leadership Model
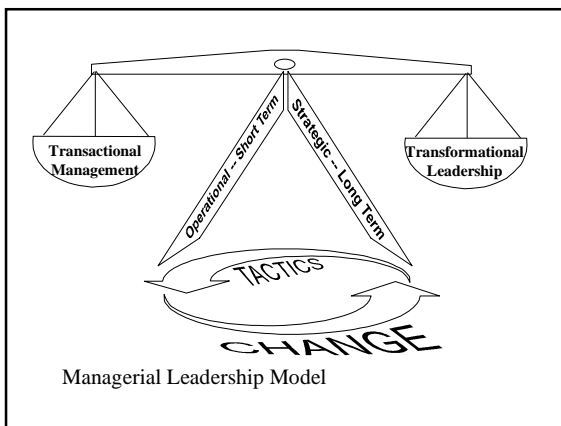
Organizational Change

- Change agent
  - A person or group who takes leadership responsibility for changing the existing pattern of behavior of another person or social system.
- Change leadership …
  - Forward-looking
  - Proactive
  - Embraces new ideas

Organizational Change

- Top-down change
  - Strategic and comprehensive change that is initiated with the goals of comprehensive impact on the organization and its performance capabilities.
  - Driven by the organization's top leadership.
  - Success depends on support of middle-level and lower-level workers.

Organizational Change

- How to lead transformational change:
  - Establish a sense of urgency for change.
  - Form a powerful coalition to lead the change.
  - Create and communicate a change vision.
  - Empower others to move change forward.
  - Celebrate short-term "wins" and recognize those who help.
  - Build on progress and success; align people and systems with new ways.
  - Stay with it; keep the message consistent; champion the vision.

Organizational Change

- Theory E change
  - A version of top-down change.
  - Based on activities intended to increase shareholder value as soon as possible.
  - Emphasizes structural and systems changes.
  - Attempts to gain employee support through financial incentives.

Organizational Change

- Bottom-up change
  - The initiatives for change come from persons throughout an organization and are supported by the efforts of lower-level and middle-level managers acting as change agents.
  - Crucial for organizational innovation.
  - Made possible by:
    - Employee empowerment
    - Employee involvement
    - Employee participation

Organizational Change

- Theory O change
  - A version of bottom-up change.
  - Based on activities for increasing organizational performance capabilities by:
    - Improving organizational culture.
    - Developing human capital.

Planned and Unplanned Change

- Planned change …
  - Occurs as a result of specific efforts of a change agent.
  - Direct response to perception of a performance gap.
- Unplanned change …
  - Occurs spontaneously or randomly and without benefit of a change agent's attention.
  - Acting immediately is the appropriate response goal.

Organizational Change

- External forces for change:
  - Global economy and market competition
  - Local economic conditions
  - Government laws and regulations
  - Technological developments
  - Market trends
  - Social forces

Organizational Change

- Internal forces for change:
  - Arise when change in one part of the organizational system creates the need for change in another part of the system.
  - May be in response to one or more external forces.

Organizational Change

- Organizational targets for change:
  - Tasks
  - People
  - Culture
  - Technology
  - Structure

Planned Organizational Change

- Unfreezing
  - The phase in which a situation is prepared for change and felt needs for change are developed.
- Changing
  - The phase in which something new takes place in the system, and change is actually implemented.
- Refreezing
  - The phase of stabilizing the change and creating the conditions for its long-term continuity.

Planned Organizational Change

- Choosing a change strategy
  - Force-coercion strategy
    - Uses power bases of legitimacy, rewards and punishment to induce change.
    - Produces limited and temporary results.
    - Most useful in the unfreezing phase.

Planned Organizational Change

- Rational persuasion strategy
  - Bringing about change through persuasion backed by special knowledge, empirical data, and rational argument.
  - Relies on expert power.
  - Useful in the unfreezing and refreezing phases.
  - Produces longer-lasting and internalized change.

Planned Organizational Change

- Shared power strategy
  - Engages people in a collaborative process of identifying values, assumptions, and goals from which support for change will naturally emerge.
  - Likely to yield high commitment.
  - Relies on referent power and strong interpersonal skills in team situations.

Resistance to Change

- Reasons for people resisting change …
  - Fear of the unknown
  - Disrupted habits
  - Loss of confidence
  - Loss of control
  - Poor timing
  - Work overload
  - Loss of face
  - Lack of purpose

Resistance to Change

- Methods for dealing with resistance to change:
  - Education and communication
  - Participation and involvement
  - Facilitation and support
  - Facilitation and agreement
  - Manipulation and co-optation
  - Explicit and implicit coercion

Organization Development

- Organization development (OD) is a comprehensive approach to planned organizational change that involves the application of behavioral science in a systematic and long-range effort to improve organizational effectiveness.

Organization Development

- Organization development goals:
  – Outcome goals focus on task accomplishments.
  – Process goals focus on the way people work together.
  – OD seeks to develop the organization members' capacity for self-renewal.
  – OD endorses freedom of choice, shared power, and self-reliance.
  – OD takes advantage of knowledge about human behavior.

Organization Development

- The organization development process:
  – Establish a working relationship
  – Diagnosis
  – Intervention
  – Evaluation
  – Achieve a terminal relationship

Organization Development

- Action research
  - The process of systematically collecting data on an organization, feeding it back to the members for action planning, and evaluating results by collecting more data and repeating the process as necessary.
  - Is initiated when someone senses a performance gap.

Organization Development

- Steps in the action research process:
  - Problem sensing
  - Data gathering
  - Data analysis and feedback
  - Action planning
  - Action implementation
  - Evaluation and follow-up

Organization Development

- Individual OD interventions
  - Sensitivity training (T-groups)
  - Management training
  - Role negotiation
  - Job redesign
  - Career planning

Organization Development

- Team OD interventions
  - Team building
  - Process consultation
  - Inter-group team building

Organization Development

- Organization-wide OD interventions
  - Survey feedback
  - Confrontation meeting
  - Structural redesign
  - Management by objectives (MBO)

Career Readiness

- Key lessons for early career success …
  - There is no substitute for performance.
  - You must be flexible and stay that way.
  - You must commit to continuous learning and professional development.

Career Readiness

- In developing your career …
  - Behave like an entrepreneur.
  - Seek feedback on your performance.
  - Set up your own mentoring systems.
  - Get comfortable with teamwork.
  - Take risks to gain experience and learn new skills.
  - Be a problem solver.
  - Keep your life in balance.

Career Readiness

- Create a sustainable career advantage by building a career portfolio that documents skills and capabilities in …
  - Professionalism
  - Leadership
  - Self-management
  - Communication
  - Critical thinking
  - Teamwork

Change