Class Notes

Objective 1: Strategies to Implement Change

**What Is Change Management?**

Planned Organizational Change and Competitive Advantage

Planned organizational change is a process that moves companies from a present state to a desired future state with the goal of enhancing their effectiveness.

To be effective in such a marketplace, managing change has become essential. Leading and managing organizational change has become a core competency for business professionals.

Not only do companies need to manage change to survive, they need to manage change to create a competitive advantage

Ultimately, the goal of planned organizational change is to improve an organization’s capabilities, thus enhancing its value to stakeholders and stockholders (Beer, 1980).

Note. Adapted from “Introduction,” by J.W. Weiss, 2012, Organizational Change, Chapter 1, Section 1. Copyright 2012 by Bridgepoint Education, Inc.

**What Is the Change Formula?- video**

You will never change unless you are really unhappy with the current situation.

Dissatisfaction x vision x first action > Resistance

If the resistance is to large this causes business disruption.

Vision is s the guiding philosophy plus attainable promising vision

Kotters change Model

Topic 2: Activity 1 of 3

Topic 2: Activity 1 of 3

Forces Driving Organizational Change -- Forces Driving Change

External forces affect the operational and internal environments of organizations. Trends, events, and crises that occur in the global, technological, economic, governmental, political, and demographic/social environments influence organizations.

Forces Driving Change in Organizations

Organizational change is generally triggered by external and/or internal forces.

Macro-level external sources of change include government and political, economic, technological, sociocultural, and natural- and human-related forces.

***Technology Forces***

The Internet, social media, and information technology have recently enabled the creation of new industries, business models, professions, products, and services. Take, for example, Google, Facebook, Twitter, Yahoo!, eBay, YouTube, Amazon.com, and Groupon.com. Facebook created not only networks of friends but also networks of clustered, self-promotional buyers. John Sperling, founder of The University of Phoenix. Mobile technology, such as smart phones and iPads, have profoundly impacted and changed the way we think about and do business.

Organizations, regardless of size, are becoming more effective, efficient, connected, and “globalized” because of the Internet and related technologies.

***Economic Forces***

a troubled economy in a particular region could be isolated to that region, it now can quickly drag down economies the world over. We saw this effect firsthand with the Great Recession of 2008–2009.

Economic predictions through 2020 that will influence organizations and consumers include an increase in consumer spending in developing countries; depleted savings in the United States; and continuing debt and deficits throughout the Western world that will restrain spending rates. However, economic growth globally is predicted with more than one billion new middle-class consumers who will increase spending.

*The Environment*

Chronic smog and air pollution from carbon emissions in cities throughout the world is a major health hazard that must be dealt with. Climate change and sustainability considerations (“green” initiatives) also present challenges. Consumers also will expect businesses to incorporate sustainable practices in their operations, products, and services (Watson, n.d.).

***Healthcare***

Healthcare costs in the United States are predicted to rise from 16% of GDP to 20% by 2020.

*Government and Political Forces*

regime changes, wars, terrorism, and global economic instability persist. Political unrest can have the same effect as economic unrest.

***Sociocultural Forces***

Work/life and work/family issues are also major sources of workforce and workplace change. The increasing number of women (single with children and married with children) in the U.S.

***Globalization Forces***

The rise of China and India as high-volume, low-cost labor manufacturers continues to pressure other Western countries to outsource and find new innovative ways to compete.

As we discussed, international economies are more interrelated than ever before. International investments and movements in the U.S. stock markets affect American pension funds, corporate earnings, and market forecasts. Regulation and deregulation of industries (especially telecommunications, banking, financial services, and the airlines) continue to stir large-scale downsizing and restructuring in companies. Mergers, acquisitions, and consolidations within and across industries have also created significant organizational change.

Note. Adapted from “Forces Driving Change in Organizations,” by J.W. Weiss, 2012, Organizational Change, Chapter 1, Section 3. Copyright 2012 by Bridgepoint Education, Inc.

Topic 2: Activity 2 of 3

**Organizational and Managerial Responses to Change**

Organizational responses to change involve strategic, tactical, proactive, reactive, political, technical, and cultural dimensions.

Companies have responded to the external forces of change in a number of ways. Some firms have surrendered. For example, Borders bookstore closed because its brick-and-mortar infrastructure could not compete with new handheld technologies, Internet connected devices, and services provided by such companies as Amazon.com. Other organizations have strategically responded to external changes with innovative organizational structures and arrangements like networks, strategic alliances, and virtual corporations as are found in Ford, Sun Microsystems, IBM, Mitsubishi, General Electric, and others.

***Change with Stability: Balancing Perception with Wisdom***

To sum up, macro external forces affect the operational and internal environments of organizations. Trends, events, and crises that occur in the global, technological, economic, governmental, political, and demographic/social environments influence organizations. These influences are felt by organizations through changing markets, laws and regulations, finances, natural disasters, and so on. Leaders and managers must create and change visions, strategies, structures, systems, and talent to compete and survive in their industry sectors. Organizations that excel in changing environments have become more streamlined and nimble, more responsive to external and customer demands, and more ecologically sustainable. They have also adopted information technologies in their marketing and operations to enhance speed, scale, and reach.

It is also important to consider those dimensions of an organization that need to be balanced with change forces.

Note. Adapted from “Forces Driving Change in Organizations,” by J.W. Weiss, 2012, Organizational Change, Chapter 1, Section 3. Copyright 2012 by Bridgepoint Education, Inc.

Topic 3: Activity 1 of 1

Types of Organizational Change--Change, Change, Change

*Nature and Types of Organizational Change*

At the most general level, Ackerman (2010) identified three types of change: developmental, transitional, and transformational.

**Developmental change** involves an improvement of what already exists.

**Transitional change** consists of an implementation to achieve a known desired state that is different from the existing one.

**transformational change** involves the emergence of a new, unknown state for the organization.

**Dunphy and Stace’s Four Levels of Change**

**Level 1—Fine tuning**. This type of change involves an ongoing process of matching and “fitting” an organization’s strategy, structure, people, and processes with the environment.

**Level 2—Incremental adjustment.** Incremental adjustments are predictable changes that evolve slowly and systematically at a constant rate over time within the organization to fit the external environment.

**Level 3—Modular transformation.** Organizational change is radical in this type of change, but it is focused on subparts rather than on the entire organization;

**Level 4—Corporate transformation.** This type of change, like transformational change, involves a radical shift in the business strategy and changes in the vision, mission, culture, and systems.

**Balogun and Hope-Hailey’s Change Model**

1. **Evolution**: The change is incremental but transformation is the result. This strategy suggests proceeding in a progressive way by also analyzing both the internal and external environments while implementing the change. Implementing a new software system in a division over a two-year period is such an example.
2. **Adaptation**: The change is also incremental and the end result is realignment. This is the least intrusive in impact on the organization and the most commonly used. Installing software applications, revising job descriptions, and including online training are examples.
3. **Revolution**: The change is big bang and transformational. An example might be a company that is bought by another parent firm and the new owner requests the present leaders and managers change the vision and mission and then replace a majority of the workforce.
4. **Reconstruction**: The change is big bang combined with realignment. The organization may experience turmoil as in a turnaround or large expansion and the basic business model may remain intact. The final three types of change and change processes we discuss are proactive versus reactive changes, strategic versus tactical, and Tichy’s change matrix.

**Proactive Versus Reactive Changes**

**Proactive change** involves actively attempting to make alterations to the workplace and its practices.

**Reactive change** occurs when an organization makes changes in its practices after some threat or opportunity has already occurred

***Strategic Change Versus Tactical Change***

Strategic versus tactical changes relate to the models presented earlier. Level 1 and developmental changes are more likely to require tactical (hands-on) specialist and managerial knowledge and expertise than changes that are either transitional, transformational, Level 3 or Level 4 changes. Transformational and transitional, Levels 3 and 4, changes require leadership styles and skills that use long-term thinking and vision, excellent people skills, and strong problem-solving skills.

***Tichy’s Three Types of Change***

Tichy’s framework explains change from a combination of external forces (political, technical, and cultural) that affect internal organizational systems.

The **political system** includes pressures for change that relate to power, influence, and resource distribution.

The **technical system** refers to external changes that influence an organization that include technological and economic pressures in Tichy’s framework.

The **cultural system** includes the norms and values shared by members in an organization.

Tichy argued that organizational leaders who effectively adapt to external change succeed by strategically aligning their three basic organizational areas to specific pressures from these three forces of change. The three organizational areas include the (1) mission and strategy that define the organization’s purpose, goals, strategies, and the managerial processes used to implement these; (2) organizational structure that includes the means by which tasks are arranged, people are coordinated to do the work, and the managerial processes to align structure and people; and (3) human resource management that refers to recruiting, selecting, hiring, training, evaluating, and developing people and systems to fit people with other organizational systems.

*Note*. Adapted from “Nature and Types of Organizational Change,” by J.W. Weiss, 2012, *Organizational Change*, Chapter 1, Section 4. Copyright 2012 by Bridgepoint Education, Inc.

Topic 4: Activity 1 of 8

Change Strategies

Diagnosing Change and Using Change Models

***Introduction: Ready, Aim ... Plan!***

Lack of a goal, of course, is the very opposite of effective change management.

a good business must always have a set of short-term as well as long-term goals, and a detailed strategy for how to reach those goals.

diagnosing and planning methods to effectively prepare organizations to respond to change.

Diagnosing Organizations for Change Using Diagnostic Models

Organizational diagnosis of change refers to the process of understanding the current state of how an organization functions and providing necessary information for designing change interventions (Cummings & Worley, 2009).

*Why Use Models?*

Burke offered five uses of organizational models:

1. Models help reduce the complexity of thousands of things “going on” into manageable categories.
2. Models help point out aspects of organizational activities and dimensions that demand attention.
3. Models highlight the interconnectedness of organizational properties like culture, structure, and strategy.
4. Models provide a common language and vocabulary.
5. Models offer a sequence of actions that users can follow in particular change situations.

*Note*. Adapted from “Introduction: Ready, Aim… Plan!” & “Diagnosing Organizations for Change Using Diagnostic Models,” by J.W. Weiss, 2012, *Organizational Change*, Chapter 2, Sections 1 & 2. Copyright 2012 by Bridgepoint Education, Inc.

Topic 4: Activity 2 of 8

**Lewin's Three-Step Model**

Lewin’s force-field analysis argues that there are three stages of change: unfreezing, moving/changing, and refreezing**.**

***Lewin’s Force-Field Analysis and Resistance to Change***

“Resistance to change” was first introduced by Kurt Lewin in his field theory and in his work on group dynamics (Lewin, 1947; Gravenhorst, 2003). The method is a technique to overcome resistance to change.

According to this model, behavioral change will occur if (1) the forces for change are strengthened, (2) the forces against change are weakened, or (3) a combination of options (1) and (2) is applied.

Lewin’s force-field analysis also argues that there are three stages of change: unfreezing, moving/changing, and refreezing. In the unfreezing stage, the focus is to create a felt need for change by increasing motivation to change. In the moving/changing stage, employees experience changes in their attitudes and behaviors. Finally, during the refreezing stage, the focus is on reinforcing and institutionalizing new behaviors and attitudes.

*Note*. Adapted from “Understanding and Assessing Resistance to Change,” by J.W. Weiss, 2012, *Organizational Change*, Chapter 2, Section 5. Copyright 2012 by Bridgepoint Education, Inc.

**Topic 4: Activity 3 of 8**

Examples of Lewin's Three-Step Model---video.. Good gas mileage vehicles. U.S. missed window.

Topic 4: Activity 4 of 8

Dealing With Resistance to Change and the Theory of Transition – video ted talk, Lead and be the change Professor Mark Mueller-Eberstein.

**Topic 4: Activity 5 of 8**

**Kotter's Eight-Step Process for Leading Change and The Appreciative Inquiry Model**

***Kotter’s Eight-Step Process for Leading Change***

One of the most widely used planning methods is Kotter’s Eight-Step Process for Leading Change.

1. Create a sense of urgency when introducing the change effort.
2. Build a coalition.
3. Create a vision for change and make change a part of the vision.
4. Communicate a plan for change.
5. Eliminate obstacles to change.
6. Create small wins.
7. Build on change.
8. Make change a part of culture.

Source: Kotter, J.P. (1996). Leading Change. Boston, MA: Harvard Business School Press.

*Establish a Sense of Urgency*

Kotter argued that large change plans generally fail if there is not a sense of urgency created and realized first.

Creating a sense of urgency involves examining markets and competitive realities and identifying and discussing crises, potential crises, or major opportunities.

Ex

In the case of the telecommunications company WorldCom, a sense of urgency was created by a crisis the firm faced.

*Form a Powerful Guiding Coalition*

planning change is to form a powerful guiding coalition by assembling a group with enough power to lead the change effort and encourage the group to work as a team. Capellas accomplished this with a number of officers whom he enlisted in his 100 Day Plan.

*Create a Vision*

Not only is a vision articulated but strategies for achieving that vision are also laid out.

*Communicate the Vision*

Communication also involves teaching new behaviors that the guiding coalition models and exemplifies in their own behaviors.

*Empower Others to Act on the Vision*

important to get rid of obstacles to change by changing systems or structures that seriously undermine the vision and to thereby encourage risk-taking and nontraditional ideas, activities, and actions by personnel.

*Plan for and Create Short-Term Wins*

necessary to plan for and create short-term wins which involves the need to create visible performance improvements.

*Consolidate Improvements and Produce More Change*

important to anchor and institutionalize new approaches in the culture. This is accomplished by increasing performance through customer and productivity related behaviors. Also by articulating and reinforcing the connections between the new behaviors and organizational success, change leaders and managers embed the changes in the new culture.

***Appreciative Inquiry Model***

AI engages people across the organization in creating positive change that focuses on learning from success (Cooperrider, Whitney & Stavros, 2003). AI is a popularly used method in all types of organizations—profit, not-for-profit, governments, educational institutions, hospitals, and large private and publicly traded corporations internationally.

AI starts by asking, “What is possible? What do we wish to achieve?” The approach applies at any level: individual, group, department, division, or for the entire organization.

***Discovery Phase***

The discovery phase is purposed to mobilize a systemic inquiry into the positive change core (Cooperrider & Whitney, 1999).

***Dream Phase***

In the dream phase, participants envision the organization’s greatest potential for positive influence and impact on the world, not only on their organization.

***Design Phase***

During the design phase, each individual and the group begins to craft an organization to enact positive change.

***Destiny Phase***

Finally, the destiny phase involves an invitation to action inspired from the other phases of discovery, dream, and design.

**Topic 4: Activity 6 of 8**

**Explaining Kotter's Eight-Step Process –video**

**Topic 4: Activity 7 of 8**

**Organizational Development Frameworks and Methods for Diagnosing Change**

determine what type of change, if any, their organization may need, where it is needed, and what type of change intervention is needed.

There are models for diagnosing and assessing the present state of an organization—where it “is”—and possible future states—where it could “be”—focusing on the organization’s: (1) “fit” within the environment, (2) life-cycle stage, and (3) how effectively and efficiently the organization uses resources to create, produce, and distribute products and services. Here, we present methods for identifying an organization’s type of change needed and change interventions to be used, that is, planned actions designed to help enhance an organization’s effectiveness by solving a problem or creating an opportunity (Cummings & Worley, 2010).

***Assessment Model: Determining What Changes to Make***

there are three types of change: developmental, transitional, and transformational. These changes are also referred to as first- and second-order changes.

 First-order (adaptive) changes are incremental, small-scale, fine-tuning, and developmental. These changes involve adjustments to systems, processes, and structures rather than fundamental or radical change to strategy, core values, or identity (Newman, 2000). Examples include installing a new software application in a department.

Second-order (discontinuous) changes are radical, transformational, and sometimes transitional in nature and involve the entire organization or different units (Bate, 1994). Such changes are also called “frame bending” and may be done with a “big bang” as illustrated by Hewlett-Packard’s sudden move out of the PC.

people to organizations, especially those who initiate and bring about local organizational changes by exceeding their job responsibilities, striving to make a difference, are action oriented, and focus on results.

three levels of intervention

Presenting issues are problems and opportunities that are believed, perceived, and/or argued to be of primary importance for requiring a planned change.

only one transformation in three succeeds (Aiken & Keller, 2009).

***Action Research Model***

The Action Research Model is “the dominant methodological basis for planned change” (Cummings & Worley, 2001). This approach is designed to provide objective information and analysis that goes beyond the superficial level of presenting issues discussed above. Locating and understanding the source of a problem or issue is, then, both the change specialist’s and the organization’s task.

***Identify the Problem or Opportunity***

***Consult with the Client—Initial Meeting, Collect Data, Make a Preliminary Diagnosis, Jointly Diagnose Problem/Opportunity/Findings with Client, Instigate Joint Action Steps, Implement Change, Collect Post-Implementation Data, Diagnostic Change Tactics: Identifying the Level(s) of Intervention.***

*Note*. Adapted from “Organizational Development Frameworks and Methods for Diagnosing Change,” by J.W. Weiss, 2012, *Organizational Change*, Chapter 2, Section 3. Copyright 2012 by Bridgepoint Education, Inc.

**Topic 4: Activity 8 of 8**

**Organizational Development Within Xerox -- video**

**Objective 2: Overcoming Resistance to Change**

***Topic 1: Activity 1 of 4***

***Understanding and Assessing Resistance to Change***

**Why People Resist Change**

Change is often uncomfortable and even threatening for some. Others do so because of lack of trust or confidence in their leaders and managers, the change does not make sense, or it has not been explained or substantiated. Still others resist for political, personal, and even selfish reasons.

**Organizational inertia** (the tendency of organizations to maintain the status quo) is a major reason people resist change. If inertia is very strong and widespread in an organization’s culture, resistance to change can threaten the organization’s survival (Carr, Hardf & Trahant, 1996).

 At the organizational level, resistance is often part of having to give up bureaucratic command-and-control practices. Hierarchical structures also bring power and status, as well as control, to those in positions of authority. Leaner and more open organizational arrangements (organic structures) have fewer “bosses,” rules, and procedures. There is less inertia.

At the group or team level, resistance is found in cultural dynamics: values, norms, attitudes, and practices. Groups also grow comfortable with routines and people they know and with whom they are comfortable. Groups that are risk-averse generally resist change. Moving from known to unknown states can be risky.

At the individual level, people experience any one or all of three basic fears: failure, loss of the familiar, and fear of the unknown. Individuals resist change for both rational (self-interest) and psychological reasons..

threat to one’s expertise, threat to one’s resources, threat to one’s status, authoritarian attitudes, fear of losing something of value, lack of trust in the change initiators, disagreement with the change, and cynicism (Robbins, 2001).

*Note*. Adapted from “Understanding and Assessing Resistance to Change,” by J.W. Weiss, 2012, *Organizational Change*, Chapter 2, Section 5. Copyright 2012 by Bridgepoint Education, Inc.

**Topic 1: Activity 2 of 4 Kotter on Resistance to Change – video**

Those who strongly resist change need to be taken out of the mix or they will kill it.

 **Topic 1: Activity 3 of 4 Resistance: Is It Because of Laziness or Exhaustion? – video**

**Topic 1: Activity 4 of 4 Countering Resistance to Change – article**

[**http://blogs.hbr.org/2009/04/how-to-counter-resistance-to-c/**](http://blogs.hbr.org/2009/04/how-to-counter-resistance-to-c/)

**Topic 2: Dealing With Resistance to Change**

***Topic 2: Activity 1 of 5 Addressing Resistance to Change***



Organizational managers and organizational development (OD) consultants typically assist employees and teams in the following ways:

* Let people know they have a choice.
* Listen to employees’ ambivalence and reinforce their motivation (employees do not need total commitment to the change to start to embrace it).
* Listen to employees’ concerns and involve them in the design and implementation of plans (when employees make choices, they are motivated).
* Involve employees in the action of the new changes.
* Train employees in new desired behaviors to prevent slippage to old behaviors.
* Provide information and solicit top management support in continuing to provide training, especially to those who begin to “relapse” to old attitudes (HR Focus, 2002).

It is also important for leaders to be present and involved and to show visible and convincing support before and during the planning stage. Leaders must also be honest and authentic when communicating and repeating the vision and the new end state of the chang

***Kotter and Schlesinger’s Change Approaches***

|  |
| --- |
| Table 2.1 Change Approaches |
| **Approach** | **Commonly Used in Situations** | **Advantages** | **Disadvantages** |
| **Education and Communication** | When information is needed or is inaccurate | If people are convinced, they may help implement the change | Can take a lot of time if many people are involved |
| **Participation and Involvement** | When initiators of change do not have all the information needed to plan the change and when others have a lot of power to resist | Participants in the change will be committed to implementing change | Can take a long time if the change is designed improperly |
| **Facilitation and Support** | When people resist because of adjustment problems | This is the best approach for adjustment problems | Can take time and still not work |
| **Negotiation and Agreement** | When a person or group will certainly not benefit from a change and they have power to resist | It can be an easy way to prevent major resistance to change | Can be pricey if it alerts others to negotiate for compliance |
| **Manipulation and Co-option** | When other methods will not work or are too pricey | It can be a fast and less expensive solution to resistance | Can lead to problems in the future if people feel taken advantage of |
| **Explicit and Implicit Coercion** | When speed is needed and the change initiators have a lot of power | It is fast and can help with resistance to change | Can be risky if people become angry with the change initiators |

Source: Adapted from: Koster, J. P. & Schlesinger, L A. (1979). An exhibit from Choosing strategies for change. Harvard Business Review.

***Lewin’s Force-Field Analysis and Resistance to Change***



The following steps can be used to identify the forces for and against change regarding a particular situation, problem, or opportunity:

1. Describe the opportunity, problem, or issue.
2. Identify the desired end state.
3. List the potential benefits derived from having achieved the end state.
4. Identify the driving forces, strategies, and tactics for change toward the end state.
5. Identify the resisting forces against change toward the end state.
6. Identify tactics that can be used to weaken the forces against change, blocking the desired end state.
7. List tactics to use to strengthen the forces for change to reach the desired end state.
8. Develop an action plan.

***Unfreezing, Moving/Changing, Refreezing in the Force Field***

In the unfreezing stage, the focus is to create a felt need for change by increasing motivation to change. In the moving/changing stage, employees experience changes in their attitudes and behaviors. Finally, during the refreezing stage, the focus is on reinforcing and institutionalizing new behaviors and attitudes.

*Note*. Adapted from “Understanding and Assessing Resistance to Change,” by J.W. Weiss, 2012, *Organizational Change*, Chapter 2, Section 5. Copyright 2012 by Bridgepoint Education, Inc.

***Topic 2: Activity 2 of 5 Change Readiness –video. Proactive companies are change ready.***

***Topic 2: Activity 3 of 5 Managing Stakeholders: Politics, Power, and Collaboration.***

Stakeholders can often make or break a change implementation effort. Good change leaders recognize the importance of influencing stakeholders toward the change efforts.

Transformational change inevitably involves competition and changes in the balance of power between executives, groups, and employees. Change initiators and agents must have sufficient power themselves to plan, implement, and sustain the organizational change. CEOs generally direct the transformation with the help of their core leadership team, as we discussed earlier. However, in larger organizations, as the change implementation plan is communicated and cascades down and across the organization, different-level managers and teams take charge and need different sources of power to be effective.

**Developing Political Support and Using Power in Organizational Change**

Greiner and Schein identified three major sources of personal power in organizations that are relevant to change agents: knowledge, personality, and the support of others. Besides having position power (power invested in the change agent’s place in the hierarchy—job title, status), those directing the change should also have knowledge, experience, and expertise in dealing with organizational change. Change agents use their expertise and knowledge in gathering and analyzing diagnostic data and information, reports, company sources, formal and informal interviews, and surveys. These are all legitimate methods in a “playing-it-straight” strategy for preparing and implementing change.

Using the support of others in the organization is a second source of power for change agents. This power source involves the strategy of “using social networks, powerful groups, and alliances to get change implemented.

Personality is a third source of such power. Charisma, reputation, and credibility can assist a change agent’s personal power in managing the political nature of change.

***Identifying and Influencing Major Stakeholders***

Another step in preparing to manage the political dimension of change is to have the guiding planning coalition identify and then influence the key stakeholders who would be involved or affected in the change in order to support the effort. Stakeholder analysis is one tool to assist in this process (Freeman, 1984).

1. Who are the stakeholders (people who have a stake—claim or interest) in supporting and resisting the change?
2. What are their stakes in either supporting or resisting the change?
3. What do the supporters stand to gain and lose from the change?
4. What do the resisters stand to gain and lose from the change?
5. What type(s) of power do the supporters have with regard to the change?
6. What type(s) of power do the resisters have with regard to the change?
7. What strategies can we use to keep the support of the supporters?
8. What strategies can we use to neutralize or win over the resisters?

Once the key stakeholders are identified, they can be mapped into supportive, non-supportive, “mixed blessing,” and marginal positions with regard to the planned change.

**Managing Conflict**

Conflict refers to competition that “occurs between parties whose tasks are interdependent, who are angry with each other, who perceive the other party as being at fault, and whose actions cause a business problem” (Ohlendorf, 2001). Conflict can also be classified by its end result as either constructive or destructive and functional or dysfunctional. Constructive or functional conflict is progressive—the result is growth and change, with increased involvement and unity. Destructive or dysfunctional conflict, on the other hand, is regressive—the result is retreat and polarization, with a loss of morale unity (Ohlendorf, 2001).

Conflict is inevitable when managing stakeholders. Organizations must direct all parties toward constructive, rather than destructive, conflict. This task requires foresight, situational analysis, and good communication. Destructive conflict can be seen and often evidenced through a “drama triangle.” This triangle illustrates a pattern involving a “persecutor,” “victim,” and “rescuer” (Ohlendorf, 2001; Lloyd, 2001).

Karen Duncum, a consultant and owner of Star Performance Consulting, suggests six steps to transform a conflict into a constructive conflict:

1. Stop ignoring conflict; it will not make it go away.
2. Act decisively to improve the outcome.
3. Make the path to resolution open and honest.
4. Use descriptive language rather than evaluative.
5. Make the process a team-building opportunity.
6. Keep the upside in mind (Duncum, 2010).

Face-to-face discussion (often known as a *confrontational approach* to conflict resolution) is a mutually beneficial method. It is also infinitely more efficient and effective than simply ignoring a conflict.

**Facilitating Collaboration**

**Collaboration** is generally defined as communicating and working mutually with others in pursuit of common goals.

• **The imagination to innovate**: Effective leaders must help develop new concepts, ideas, models, and technology that distinguish organizations.

• **The professionalism to perform**: Leaders can provide personal and organizational competence to deliver value to demanding customers while executing flawlessly with the support of the workforce.

• **The openness to collaborate**: Leaders bring connections with partners who deepen the organization’s reach, add to its offerings, and energize its practices (2002).

1. Tune in to their environments: Create networks of “listening posts”—joint ventures, satellite offices, community service.
2. Challenge the prevailing organizational wisdom: Develop “kaleidoscope” thinking—question assumptions and construct patterns of how their organizations fit with the marketplace and community.
3. Communicate a compelling aspiration: Communicate a change that has not happened and that requires more than “selling” the vision. Leaders must have real conviction and communicate an aspiration that they genuinely believe.
4. Build coalitions: Involve influential people who have political clout and resources. Leaders must identify and win over key supporters, opinion shapers, value leaders, and other experts.
5. Transfer ownership of a working team: Get a coalition in place to drive the change. Leaders must then continue to be involved to encourage, support, coach, and provide resources to the team, while allowing people to explore new possibilities that are not costly.
6. Learn to persevere: Leaders must not stop too soon in the change transformation. To embed the change, leaders must continue to monitor the environment, check assumptions, question whether the change is the right one, and stay involved.
7. Make everyone a hero: Recognize, reward, and celebrate progress and accomplishments. Change is ongoing. If change is effectively implemented, it can be sustained if leaders encourage and recognize the talents, skills, and energies of the people who made and continue to make the change happen (Kanter, 2002).

**Managing Stakeholder Responsibilities**

The following list of criteria and questions can be used to discover the extent to which leaders and employees are aware of and manage their organizations and stakeholders legally, ethically, and competitively.

1. Do the top leaders believe that key stakeholder and stockholder relationship building is important to the company’s financial and bottom-line success?
2. What percentage of the CEO’s activities is spent in building new and sustaining existing relationships with key stakeholders?
3. Can employees identify the organization’s key stakeholders?
4. What percentage of employee activities is spent in building productive stakeholder relationships?
5. Do the organization’s vision, mission, and value statements identify stakeholder collaboration and service? If so, do leaders and employees “walk the talk” of these statements?
6. Does the corporate culture value and support participation and open and shared decision making and collaboration across structures and functions?
7. Does the corporate culture treat its employees fairly, openly, and with trust and respect? Are policies employee-friendly? Are training programs on diversity, ethics, and professional development available and used by employees?
8. Is there collaboration and open communication across the organization?
9. Are open, collaborative, and innovative ideas rewarded?
10. Is there a defined process for employees to report complaints and illegal or unethical company practices without risking their jobs or facing retribution?
11. Does the strategy of the company encourage or discourage stakeholder respect and fair treatment? Is the strategy oriented toward the long or short term?
12. Does the structure of the company facilitate or hinder information sharing and shared problem solving?
13. Are the systems (human resources, information, rewards, finance, legal) aligned around a common purpose or are they separate and isolated?
14. Do senior managers and employees know what customers want, and does the organization meet customer needs and expectations (Weiss, 2009)?

*Note*. Adapted from “Managing Stakeholders: Politics, Power, and Collaboration,” by J.W. Weiss, 2012, *Organizational Change*, Chapter 3, Section 5. Copyright 2012 by Bridgepoint Education, Inc.

**Knowledge Rarely Leads to Change**

Topic 2: Activity 4 of 5 –video

Change happens like this… See, Feel, Change.

Topic 2: Activity 5 of 5 – milestone , Quiz.

**Objective 3: Applying Change Strategies**

**Topic 1: Case Study 1**

**B. Link to the AEGON Case Study**

Business Case Studies: [Embracing and Pursuing Change(This content will be opened in a separate window or downloaded to your computer)(This content will be opened in a separate window or downloaded to your computer)](http://businesscasestudies.co.uk/aegon/embracing-and-pursuing-change/introduction.html#axzz2uNbHNHae)

**C. Change Strategy Information Appropriate to this Case Study**

Kotter’s Eight-Step Process for Leading Change is commonly used to bring about needed change in cases like AEGON in the UK. The steps to Kotter’s model are briefly outlined here (Kotter International, n.d.):

***Step 1: Establishing a Sense of Urgency***

* Help others see that change is needed, so they will realize the importance of acting right away.

***Step 2: Creating the Guiding Coalition***

* Gather a group that has the power to lead the change. Encourage teamwork.

***Step 3: Developing a Change Vision***

* Create a vision to guide the change initiative, and develop strategies to attain the vision.

***Step 4: Communicating the Vision for Buy-in***

* Ensure that most people understand and accept the vision and strategy.

***Step 5: Empowering Broad-based Action***

* Get rid of obstacles to change, change systems, or structures that may go against the vision. Encourage risk taking and innovation.

***Step 6: Generate Short-term Wins***

* Plan for and follow up with achievements that are transparent, and reward involved employees.

***Step 7: Never Letting Up***

* “Use increased credibility to change systems, structures, and policies that do not fit the vision. Hire, promote, and develop employees who can implement the vision, and reinvigorate the process with new projects, themes, and change agents.” (Kotter International, n.d.).

***Step 8: Incorporating Changes into the Culture***

* Communicate the link between new behaviors and organizational success, and develop methods to ensure leadership development and succession.

[Next Activity](https://cognify.sagencelearning.com/plus/#/student/competencies/311/activities/31175)[Scroll To Top](https://cognify.sagencelearning.com/plus/)

* discussion entry icon
* learning journal entry icon

***Topic 1: Activity 2 of 2***

***Change Strategy Application Activity: Kotter – work site..***

***Topic 2: Activity 1 of 3***

***The Corus Case Study: Developing a Stronger Customer Focus***

***This case study activity is organized as follows:***

***A. Summary of Corus Case Study***

***B. Link to Corus Case Study***

***C. Change Strategy Information Appropriate to this Case Study***

***A. Summary of Corus Case Study***

***© Nostal6ie/iStock/Thinkstock.***

***Corus is one of the world’s leading steel companies. In the past, Corus has been a production-oriented approach. The company felt that by producing and having large quantities of their products readily available to customers, their business would continue to do well. This strategy was not the most efficient, since some products remained for extended periods and some did not sell at all. To make improvements, Corus leaders decided to use a marketing-oriented approach. A company with a marketing-oriented approach focuses on good products as well as addresses the specific needs of its customers. This case study discusses the strategies used by Corus leaders and employees to bring about the change from being a production-oriented company to a marketing-oriented company.***

***B. Link to Corus Case Study***

***Business Case Studies:***[***Developing a Stronger Customer Focus(This content will be opened in a separate window or downloaded to your computer)(This content will be opened in a separate window or downloaded to your computer)***](http://businesscasestudies.co.uk/corus/developing-a-stronger-customer-focus/introduction.html#axzz2uXo2WHYY)

***C. Change Strategy Information Appropriate to this Case***

***Organization Development (OD) is a values-based, planned change approach, which hopes to achieve and sustain a new desired state that benefits both the organization or community and the world around them. OD was very much a part of the Corus efforts to change.***

***Action Research is one of many OD change strategies available to change practitioners. The Action Research Model played heavily in the way Corus approached change management.***

***The Action Research Model Steps are:***

1. ***Identify the Problem or Opportunity.***
2. ***Consult with Client—Initial Meeting.***
3. ***Collect Data.***
4. ***Make a Preliminary Diagnosis.***
5. ***Present Feedback to the Client.***
6. ***Jointly Diagnose Problem/Opportunity/Findings with Client.***
7. ***Investigate Joint Action Steps.***
8. ***Implement Change.***

[***Next Activity***](https://cognify.sagencelearning.com/plus/#/student/competencies/311/activities/31178)[***Scroll To Top***](https://cognify.sagencelearning.com/plus/)

* ***discussion entry icon***
* ***learning journal entry icon***

**Topic 3: Activity 1 of 2**

**The Great North Eastern Railway Case Study: Creating an Ultimate Travel Experience**

**A Student Change Strategy Practice Activity**

This case study activity is organized as follows:

A. Summary of the Great North Eastern Railway Case Study

B. Link to Great North Eastern Railway Case Study

C. Change Strategy Information Appropriate to this Case Study

**A. Summary of the Great North Eastern Railway Case Study**

Great North Eastern Railway (GNER) is a newly formed rail operating company that operates in a busy, highly competitive railway network. GNER competes with both railways and other forms of transport. In the past, GNER has been product driven, running 650 trains each week. More volume has meant *continued* business but not necessarily *more* business. To continue competing in the transport market, GNER is implementing a marketing change, away from a product and process emphasis to a market and consumer emphasis in the way it does business. This case study provides information about GNER’s change efforts, from developing a mission statement and examination of brand values and company vision to restructuring. Thoughts about sustaining the change effort are presented as well.

**B. Link to Great North Eastern Railway Case Study**

Business Case Studies: [Creating an Ultimate Travel Experience(This content will be opened in a separate window or downloaded to your computer)(This content will be opened in a separate window or downloaded to your computer)](http://businesscasestudies.co.uk/great-north-eastern-railway/creating-an-ultimate-travel-experience/introduction.html#axzz2uXo2WHYY)

**C. Change Strategy Information Appropriate to this Case Study**

Kurt Lewin’s Change Management Model, developed in the 1950s, is evident when analyzing the Great North Eastern Railway Case Study. Lewin’s model is known as "Unfreeze – Change – Refreeze." A physicist, Lewin explained organizational change using the analogy of changing a block of ice into a cone. The first step was to unfreeze the ice. The second step involved the change needed—using a mold to shape the liquid from the melted ice into a cone. The third step, refreezing, involved freezing the liquid in the cone mold into a permanent cone shape. Information about the application of Lewin’s Change Management Model are below (MindTools, n.d.):

**Practical Steps for Applying the Lewin Change Management Model**

*Step 1: Unfreeze*

Purpose: To reduce forces resisting change. To change existing attitudes which maintain behavior in present form to behavior that recognizes the need for change.

1. Determine what needs to change.

1. Get feedback from the organization about what is currently happening.
2. Know why change has to occur.

2. Make sure there is strong support from upper management.

1. Use stakeholder analysis and stakeholder management to identify and gain the support of key people in the organization.
2. State that the issue is important to the entire organization.

3. Create the need for change.

1. Craft a strong message as to why change is needed.
2. Use your vision and strategy as supporting pieces.
3. Communicate the vision in terms of the change needed.
4. Accentuate the "why."

4. Manage concerns.

1. Address employee concerns in terms of the need to change.

*Step 2: Change*

Purpose: Develop new attitudes and promote behavior supporting change. To implement change.

1. Communicate.

1. Be open during planning and implementation.
2. List the benefits.
3. Discuss how changes will affect everyone.
4. Prepare the organization.

2. Disperse rumors.

1. Be open when answering questions.
2. Address any issues right away.
3. Connect the need for change to operational requirements.

3. Empower action.

1. Encourage employee involvement.
2. Have line managers provide daily direction.

4. Involve people.

1. Emphasize short-term wins.
2. Negotiate with external stakeholders if needed (such as employee organizations).

*Step 3: Refreeze*

Purpose: Consolidate the change at a new level. Reinforce change through supporting mechanisms, policies, structure, and organizational norms.

1. Embed the changes into the culture.

1. Know what supports the change.
2. Know barriers to sustaining change.

2. Develop ways to sustain the change.

1. Ensure leadership support.
2. Create a reward system.
3. Establish feedback mechanisms.
4. Adapt the organizational structure.

3. Provide support and training.

1. Informed and support employees.

4. Celebrate wins!

[Next Activity](https://cognify.sagencelearning.com/plus/#/student/competencies/311/activities/31181)[Scroll To Top](https://cognify.sagencelearning.com/plus/)

* discussion entry icon
* learning journal entry icon