CHAPTER OVERVIEW

- This chapter differentiates between **HOW** to create organizational change, its process, and **WHAT** should be changed, the content. Change leaders must understand both.
- A modified version of Beckhard and Harris’s change management process is developed in depth. The model asks: (1) What is going on in the organization? (2) Why change? (3) What is the gap between the existing and desired states? (4) How do we close this gap? and (5) How do we manage during the transition phase?
- These explicit models will help change leaders articulate their implicit models of how organizations work and how to change their organizations.

Sweeping demographic changes, technological advances, geopolitical shifts, and pressures to be sensitive to our physical environment are combining with concerns for security and organizational governance to generate significant pressure for organizational change. Awareness of the political, economic, sociological,
and technological (PEST) aspects of any organization’s external environment forewarns the need to pay attention to such factors. Furthermore, it alerts managers to attend to their organizations’ relevant environmental contexts and to decide whether they need to take some action as a result.

McDonald’s is one of many organizations scanning its environment and making decisions about changes to its products as a result of changes in its environment. The recession of 2008 to 2009 put pricing pressure on the restaurant business. McDonald’s responded with a continuous stream of new products. Since 2004, it has introduced the snack wrap, several salads, specialty coffees, and, most recently, the Angus burger, a 1/3-lb. burger. These product innovations have led to store sales increases and improved profits. More recently, McDonald’s has embraced the “green movement” (in a small way) by placing charge points for electronic vehicles in one store. One trend that will challenge McDonald’s creativity is the “eat local” movement where consumers are encouraged to eat locally grown foods. With McDonald’s thousands of stores worldwide and its emphasis on worldwide uniformity of products, it is difficult to picture how local foods can be incorporated.

To make these product decisions, McDonald’s managers had to evaluate environmental shifts and assess their relevance to the organization’s strategy and the probability of its continued effectiveness. The healthy food trend meant that McDonald’s needed different products and different approaches to developing and sustaining its markets. McDonald’s executives examined these trends and decided that product changes were necessary. If one takes the McDonald’s example and generalizes it to all managers, then changes in the external environment provide the important clues and cues for change leaders. Diagnosing and understanding those clues and cues provides the basis for the vision and direction for change.

In this chapter, we focus on the process of organizational change. How might a change agent think about making change happen? The chapter sets forth frameworks that can help a change agent understand organizations and how to approach the change challenge. These frameworks, or models, provide explicit if somewhat simplified views of organizations. Using the models makes it easier to understand how organizations work. With this understanding, change is easier to plan and promote.

Each person has ideas about how organizations work. For some, this model is explicit—that is, it can be written down and discussed with others. However, many managers’ views of organizational functioning are complex, implicit, and based on their personal experiences. Deep knowledge and intuition, so-called tacit knowledge, about the functioning of an organization is invaluable. However, such knowledge or intuition is intensely personal, often difficult to communicate, and almost impossible to discuss and challenge rationally. As a result, this book takes an explicit approach. This chapter and the next will provide ways to articulate unspoken models of how organizations work and to use several models to think systematically about how to change an organization.

Appendix 2.1 summarizes some of the literature on the types of change models that managers hold, often implicitly. These models guide and direct managers’ assumptions and actions when creating change.
Chapter 2 Change Frameworks for Organizational Diagnosis: “HOW” to Change

Differentiating How to Change From What to Change

The complexity of change can be simplified somewhat by recognizing that there are two distinct aspects of change that must be addressed in any change-management situation. Managers must decide both **HOW** to change and **WHAT** to change. In this chapter, we look at how to change using a version of Beckhard and Harris’s model of change. Then, in Chapter 3, we develop an appreciation of what to change, describing Nadler and Tushman’s congruence framework. Also in Chapter 3, we outline Sterman’s systems dynamic model, Quinn’s Competing Values Model, Greiner’s model of organizational growth, and Nadler and Tushman’s differentiation of incremental and strategic change.

The example below highlights the difference between the **HOW** and **WHAT** of change.

**Exercise:** Imagine that you are the general manager of a major hotel chain and you received the following customer letter of complaint:

**A LETTER OF COMPLAINT**

Dear Sir:

As a customer of yours, I wanted to provide you with our experiences at ATMI, your London, England, hotel. I have reflected on my experience and decided to provide you with feedback—particularly given your promise on your website—the Hospitality Promise Program.

My wife and I arrived around 10 P.M. after a flight from North America and the usual tiring immigration procedures, baggage check, and finding our way to your hotel. The initial greeting was courteous and appropriate. We were checked in; the desk person asked if we wished a room upgrade. After I clarified that this would cost money, I declined that proposal.

We then went to our room on the 3rd floor, I believe, and discovered it was a disaster, totally not made up. I phoned the switchboard and was put through to reception immediately. There were profuse apologies and we were told that someone would be up immediately with another key.

Within 5 minutes, someone met us with a key to a room on the 5th floor, a quick, fast response. However, when we got to the new room, it was not made up!

Again I phoned the switchboard. The operator said, “This shouldn’t have happened. I will put you through to the night manager.” I said that was not necessary, I just wanted a room. However, the operator insisted and I was put

*The hotel name is disguised.*

(Continued)
through to the night manager. Again, there were profuse apologies and the manager said, “This shouldn’t have happened, I will fix this and get right back to you.” I indicated that I just wanted a room—I didn’t want the organization fixed, just a room. The manager repeated, “I will get right back to you.”

We waited 5, 10, 15 minutes. Inexplicably, the manager did not return the call even though he said he would.

Finally, around 20 minutes later, I phoned switchboard again. I said we were waiting for a room and that the night manager had promised to call me back. The operator said, “This is probably my fault as I was doing work for the assistant manager.” I did not and do not understand this part of the conversation but again, I was told that they would call right back. Again, I repeated that “I just need a room.”

I waited another 5 minutes—it was now 11 p.m. and we were quite tired—there was no return phone call.

My wife and I went down to reception, waited, and after a brief time were motioned forward by the person who registered us initially. I explained that we needed a room. He said “You were taken care of. You got a room.” I stated that “No, I did not have a room, I just had two rooms that were not made up and we needed a clean one for the night.”

Again there were profuse apologies. The reception person then said “Excuse me, just for a moment, so I can fix this.” I said “Really, I just would like a room.” The person at the reception desk went around the corner and began to berate someone working there. This went on for several minutes. He then returned to his station, called me forward again, apologized again, and located a third room for us. As well, he gave us coupons for a complimentary breakfast.

This third room was made up. It was “more tired” than the previous rooms but it was clean and we were delighted to find a spot to sleep.

In the middle of the night, as is the norm in many places, the invoice was delivered to our room. To our surprise, a £72 charge was added to the price of the room for a “room change.”

Of course, early the next morning, I queued up to discuss this charge. The same reception person was still on duty. He motioned me forward and then immediately left to open up all the computer stations in the reception area. He had a tendency to not make eye contact. This may have been a cultural phenomenon or it may have been his dismay at having to deal with me again. I cannot say.

I showed him the invoice. He said, “Oh, there will be no charge for that room.” I said that I was concerned as the invoice did show the charge. He said, “It is taken care of.” I said “Regardless, I would like something to prove that there would not be another charge to my credit card.” After one further exchange and insistence on my part, he removed the charge from my invoice.

My wife and I had a pleasant breakfast and appreciated it being complimentary.
We thought that you would want to know of our experience. Customer service is a critical part of the hospitality industry and I am certain that ATMI would wish feedback on experiences such as these.

I am interested in such things and look forward to your reply.

Yours truly,

The list of things done poorly and the organizational issues that exist at this hotel are extensive. Identifying this list of WHAT needs attention is relatively easy. The desk clerk has twice assigned rooms that were unmade. This implies system issues—the system to capture the state of the rooms is either nonexistent or not working. One wonders if there is a quality-control person signing off on rooms. There are managerial issues—a manager promises to get back to a customer and doesn’t. There are organizational culture issues—the excuses by the switchboard operator and yelling by the reception person. There are further system issues or customer service problems as indicated by the £72 charge for a room change. There are some service training issues—the responses by the receptionist were variable. He was quick to send up a second room key but left the customer standing while he turned on computers. He was reluctant to reverse the extra room charge. There is some hint that there might be other cultural issues that are pertinent. Perhaps you could list more things that are organizationally wrong.

However, it is not clear HOW the general manager should proceed with needed changes. First off, how accurate is the letter? Can the general manager accept it, or does he have to investigate? Assuming the letter reflects the experiences of more than one unhappy customer, then the general manager still faces the “how” question. If the computer system for tracking room availability does not exist, then it is relatively simple to create and install one. However, if the system exists but is not being used, how does the general manager create change? Closer supervision might work, but who can do that and who will pay for it? Even more difficult are the organizational and other cultural issues. The norm among employees appears to be to make excuses and to “berate” others when things go wrong. A manager can tell employees that these behaviors are inappropriate, but how does one persuade employees not to respond abusively? And how will the general manager know if and when the changes are implemented? Is there a system in place to track customer and employee satisfaction? Are these several systems worth the cost they impose on the organization?

Clearly, managers must know what needs to change. However, how to go about making change happen requires careful thought and planning. The models provided below help you think about change and how to make it happen.

How to Change: The Processes

As suggested above, many leaders know what they need to achieve, but they just don’t know how to get there. An examination of competitors’ initiatives and accomplishments will often provide cues as to what is needed, but moving one’s own organization to successfully addressing these benchmarks is difficult.
Why is it so difficult to accomplish change?

One of the common causes lies in practices that have proven effective in the past and that are no longer appropriate; this can be called the “failure of success.” Organizations learn what works and what doesn’t. They develop systems that exploit that knowledge and establish rules, policies, procedures, and decision frameworks that capitalize on previous successes. Further, they develop patterned responses (habits), assumptions, attributions, and expectations that influence the ways they think about how the world works. These beliefs and ingrained responses form a strong resistant force, which encourages organizations and people to maintain old patterns regardless of feedback or input suggesting that they are no longer appropriate. In many respects, this is where the questions of what to change and how to change intersect.

Charles Handy describes some of these dilemmas by examining the pattern of success over time. As he so aptly describes, too often “by the time you know where you ought to go, it’s too late” (p. 50). He describes a “sigmoid” curve that outlines where one should begin changing and where it becomes obvious that one needs to change (see Figure 2.1). This curve depicts the outcomes or outputs of a system as a curve that increases during early-stage development and growth phases, flattens at maturity, and shifts into decline over time. Consider the path tracked by successful technological innovations. Once an innovation demonstrates its value to key early adopters, then sales take off. As others see the benefits of the innovation, they begin to adopt it as well. Patents and proprietary knowledge provide some protection, but over time competitors launch similar

Figure 2.1 The Sigmoid Curve

products, profit margins become squeezed, and sales growth slows due to increased competition and the level of market saturation. This leads to a flattening of the curve, referred to as the maturity phase. Decline follows as the market becomes increasingly saturated and competitive, and this decline accelerates with the arrival of a new, disruptive innovation that attracts customers away from the existing product. Think of what happened to the VCR players when DVD players arrived on the scene, and consider how prices have fallen for DVD players in the face of competition. A similar process may happen with online video streaming making DVDs obsolete.

The time to introduce change is at point B when the system is growing. The dilemma is that in the short run, the costs are likely to be greater than the benefits. It is only when the new changes are adopted and the system is working well that the outcomes' curve turns upward again. One dilemma is that the costs of change are real and include adding people and shifting production lines, while the benefits of change are uncertain. Managers believe the changes will improve productivity and profits, but that may not occur. By holding off investing in change, an organization may improve its profits in the short run. However, if conditions change and the organization fails to adjust in a timely fashion, executives can quickly find themselves lagging behind their competitors, scrambling to adapt, and running to catch up. If management waited too long, then an organization may find it impossible to do so.

By the time the system reaches point A, the need for change is obvious, but it may also be too late for the organization to survive without experiencing significant trauma. Positive planned change needs to be commenced sooner in the process—before things deteriorate to a crisis or disaster stage. Unfortunately, change typically comes with costs that appear to lessen the positive outcomes in the short run. As many know, convincing anyone that they should incur short-run costs for long-run benefits is a difficult selling task, particularly if things are going well. This is depicted as the shaded space between the solid and dotted lines beginning at B in Figure 2.1. The costs of change appear certain and are tangible. But the benefits are uncertain and often vaguely defined. The time after point B is a time of two competing views of the future, and people will have difficulty abandoning the first curve (the one they are on) until they are convinced of the benefits of the new curve. In concrete terms, creating change at point B means convincing others about the wisdom of spending time and money now for an uncertain future return.

Knowing how to change is difficult because identifying and demonstrating the need for change is not obvious. If a system appears to be working, why on earth change for an unproven new one that promises—but cannot be assured—of something better? Many people, for example, have experienced adopting new technologies or approaches that fail to deliver on explicit or implied promises. Is it, then, any wonder that employees are skeptical about new proposals?

Sixty years ago, Kurt Lewin wrote about the problem of how to bring about change. He described a three-stage model of change:

Unfreeze ➔ Change ➔ Refreeze
Lewin stated that we need to understand the situation and system as a whole as well as the component parts that make up the system. Before change can occur, an unfreezing process must happen within that system. This focuses on the need to dislodge or upend the beliefs and assumptions of those who need to participate in the change and engage in systemic alterations to the status quo. The unfreezing process might occur because of some crisis. For example, a major government cutback to a funded social service agency or new competitive products that are attacking the major profit producers of a private enterprise might be sufficient shocks to these organizations to “unfreeze” the patterns. In both examples, the balance in the system must be disrupted or broken in order to permit conditions for change to develop. Some top managers even talk about “creating a crisis” in order to develop the sense of urgency around change.6

When this unfreezing occurs, the systems and the people who are embedded in those systems become susceptible to change. Systems and structures, beliefs, and habits become fluid and thus can shift more easily. (Appendix 2.2 applies the Lewin model to the hotel case above.)

**Beckhard and Harris’s Change-Management Process**

A second model of how to change is outlined by Beckhard and Harris.7 (See their modified model in Figure 2.2). The change process begins with an assessment of why change is needed. Following the recognition of the need for change, change leaders are faced with the task of defining and describing a desired future state in contrast to an organization’s present reality. A desired future state allows leaders to identify the gap between the present and the future and how they propose to close that gap. The discussion of how to get from the present to a desired future state represents the action or implementation stage. The final step in the change process is to manage the transition. As presented, this model provides a framework that the authors have modified and used to organize this book. Beckhard and Harris built on the work of Kurt Lewin described above.

According to Beckhard and Harris, the first step in change is an initial organizational analysis. Here the forces for and against change are analyzed and understood. A thorough understanding of the organization and its stakeholders will assist in this analysis. (See Chapter 3 of this book for frameworks to analyze organizations.)

The second step in the change process involves both determining the need for change and creating a powerful change vision. Chapter 4 of this book deals with this: “Building and Energizing the Need for Change”

Many assume that the need for change is easily recognizable, obvious, and evident from the environment. Often this is the case. If bankruptcy threatens or if profits have plummeted, then people in the organization likely will feel things must change. However, people may not accept the need or believe that they need to change—they may believe that it is the other person or department that is the problem. Or the falling profits are bad luck. However, we the authors believe that organizations are as they are because things are working. If people were really dissatisfied with the situation, they would recognize the need for change and begin searching for corrective action. If they accept the status quo and don’t want to
change, they are likely relatively satisfied; not dissatisfied to the point of searching for options; believe that nothing can be done; or believe that the costs of changing are greater than the benefits. For example, many workers at Walmart have voiced unhappiness about such things as pay levels and hours of work for years, but most have never taken the steps required to unionize. The costs and risks seem to have been viewed as too high relative to the potential benefits.

It is important to understand that the perception of the need for change is exactly that—a perception. And just because executives hold that perception does not imply that others will hold it or agree. Executives often think that other people simply do not understand the situation. Thus, if one explains things

*One of the risks is that Walmart will close the store that unionizes. The closing of the Jonquiere, Quebec, store is an example of this. You can find more on this at http://www.economist.com/displaystory.cfm?story_id=3706455.
persuasively, then the other person will change his or her mind. That might work. It is just as likely that other people have different objectives, experiences, assumptions, and beliefs that lead them to a different view of the situation. As a result, it is dangerous to assume that there is an alignment in goals. Employees may see no need for change or may believe that others might have to change, but they will not need to.

Managers sometimes make the mistake of assuming that once they are convinced, others will easily understand and be convinced as well. Even if others in the organization can be persuaded, this ignores the lag that will occur as the message about change moves through the organization. For example, senior managers may well be aware of a significant competitor’s threat, such as a new product or service delivery model that will hit the market soon. Executives begin to respond with change plans. However, most employees will not have any awareness of what the competitor is doing. From the employee’s perspective, things are fine. In fact, employees are likely busy meeting current product demand and are unaware of new products introduced by competitors. This lag in information requires change managers to present data through multiple communication channels to employees, persuading them of the importance of changing now and not continuing with previous patterns, procedures, and products.

The description and analysis of the present state and the definition of the future state leads to a gap analysis—an image of the differences in specific terms. Too often, an analysis results in nonhelpful gaps. For example, a manager might conclude that morale is low. This description does not lead easily to action plans. Instead, the root causes of the morale issue need to be understood. Why is morale low? Is it the pay system? Is it management’s style? Is it working conditions? Each of these descriptions is more powerful and useful in moving to change and each suggests a different course of action. In Chapter 3, several frameworks are described to develop a sophisticated checklist for organizational diagnosis. If the diagnosis is wrong, it is likely that one will take inappropriate action. The gap analysis allows change leaders to clearly address the question of why change is needed. The analyses of formal and informal dimensions of the organization, the various stakeholders, the recipients of the change, and the change agents themselves (Chapters 5 to 8) help to complete an understanding of the situation and the gaps that need attention.

Beckhard and Harris talk about “getting from here to there” and “managing during the transition state.” This involves action planning and implementation. These topics are dealt with explicitly in Chapter 9. While action planning often appears linear and straightforward, the reality is usually different. Unfortunately, in today’s complex organizations, most change is neither linear nor straightforward. Managing change while operating the organization is like remodeling an airborne plane. Transition management, however, is the important study of doing just that. Understanding the success of the particular organizational changes we are trying to achieve depends on our ability to measure such change. In Chapter 10, we examine the difficulty and necessity of change measurement and suggest how change agents can manage this area.
Chapter 2  Change Frameworks for Organizational Diagnosis: “HOW” to Change

Application of the Beckhard and Harris Model

The hotel case written earlier in this chapter offers an opportunity to apply the Beckhard and Harris model to an organization that appears to need to change.

Why Change?

The general manager who received the above letter might have very good reasons for not responding and changing. The hotel might be in the midst of a computer systems modification and be overwhelmed with this change. Or the general manager may have a tracking system that indicates that most hotel guests are very satisfied and that this is an unusual occurrence. Or the general manager may have cost objectives and view change as leading to increased costs. Or the general manager might see herself as exiting the organization and believe that change efforts could have an adverse impact on her career.

Even if the general manager accepts the need for change, the employees might not. At this point in time, they know nothing about the letter. They may feel that their performance is good and no change is needed. They might have a department manager who doesn't follow up on directives and, thus, they could believe that no action is necessary. Or they might be new to their jobs and be poorly trained in customer service. The challenge for the change leader is to articulate “why change” to key stakeholders in ways that they will understand and move them to positive actions. Gap analysis and visioning are important tools in addressing this challenge.

Gap Analysis of the Hotel

The present state of the hotel has several dimensions that could be addressed. The following gaps might exist:

- A gap in information between room readiness and the information that the desk clerk has
- A gap between what the hotel’s managers say they will do and what they actually do
- A gap between the appropriate bill and the bill given to the customer
- A gap between the desired interpersonal relationships between employees and customers and that which exists
- A gap between the desired handling of hotel guests and that which occurs

Each of these gaps could require different action plans for change. And careful analysis might demonstrate that there is an underlying issue that needs to be dealt with. For example, if the organization’s culture has evolved to one that is not focused on customer care and relationships, the individual gaps might be difficult to correct without a systematic approach. This gap analysis, then, needs to be used
by change leaders to frame the vision for the change. This vision plays a critical role in helping others understand the gap in concrete terms by contrasting the present state with the desired future state.

**Getting From Here to There**

Here, the specific actions needed for the change are noted. Several planning tools can be used (see Chapter 9). If the general manager in the hotel case decided that the issue to be tackled is computer systems, then the transition plan might include the following steps:

- Discuss the need for change, the gap analysis, and the vision for change with involved staff to develop a consensus concerning the need for action.
- Form a users’ task force to develop the desired outcomes and usability framework for a new computer system.
- Contact internal information systems specialists for advice and assistance on improving the hotel’s information system.
- Identify the costs of systems changes and decide which budget to draw on and/or how to fund the needed system’s changes.
- Work with the purchasing department to submit a “request for proposal,” promoting systems’ suppliers to bid on the proposed system.
- Contact Human Resources to begin staffing and training plans.

This example list lays out the actions needed to accomplish the change. In Chapter 9, tools will be identified that help in planning. For example, there are tools to assign responsibilities for different aspects of projects and others for contingency plans.

In Chapter 9, tools illustrate how to manage during the transition. Organizations usually don’t stop what they are doing because they are changing! In the hotel, for example, rooms will need to be made up, allocated, and assigned while the information system is being modified. In particular, receptionists will need to ensure a seamless transition from the old to the new system. In many system changes, parallel systems are run until the bugs in the new system are found and corrected. Hotel receptionists need to be trained on the new system. How and when that will be done in this transition is part of the managerial challenge during the transition state.

The final aspect of the model deals with the measurement of change and the metrics used in that measurement. How will the general manager know that the changes implemented are working? Managers can measure inputs easily, such as the number of hotel receptionists who are trained on the new system. But management will also need to track the number of times rooms are misallocated. This is a more difficult problem because the staff could be motivated to prevent such a system if the results could put the staff in a negative light.

Models, such as the Beckhard and Harris one, improve change managers’ abilities to plan and implement organizational change. This model provides a straightforward framework that lays out a linear process for change. At the same time, the model risks having change managers oversimplify the challenge. Cause–effect
analysis is complex because organizations are nonlinear, complex entities. An overreliance on straightforward linear thinking can lead to errors in judgment and unpleasant surprises. Organizations are more surprising and messier than people often assume. The subsequent chapters of this book, particularly Chapter 3, will help change leaders avoid thinking simplistically.

Coordination and control of change appears straightforward using Beckhard and Harris. The reality is that organizations often undertake multiple change projects simultaneously. For example, a factory may be shifted toward a focused factory system while a continuous improvement process is being developed and while other parts of the organization are being restructured. Different managers are working on different change projects to make things better. Under such complexity, control is difficult and likely involves multiple layers of authority and systems.

The models of Chapter 3 suggest the need for complex thinking and anticipatory ways to avoid negative surprises. Nevertheless, outlining clear stages in the change process by using Beckhard and Harris or a similar model assists in logical diagnosis.

Toolkit Exercise 2.1, at the end of this chapter, asks you to interview a manager who has been involved with change and find out how he or she went about it.

Summary

This chapter differentiates what to change from how to change and uses the Beckhard and Harris model to explicitly consider how to change. Successful change management requires attention to both process and content. To focus on this, the chapter differentiates what needs to be changed from how change should be accomplished.

A modified version of the Beckhard and Harris model is presented as a process model that will help change leaders to plan how to make organizational changes. The model forms the framework for this book, and the chapter sequence is laid out using the model. Beckhard and Harris’s model is elaborated, and the hotel case presented early in the chapter is analyzed to demonstrate the use of the Beckhard and Harris model.

Glossary of Terms

PEST

PEST factors—the political, economic, social, and technological environmental factors that describe the environment or context in which the organization functions.

The How and What of Change

The How of change relates to the process one uses to bring about change.

The What of change relates to the assessment of what it is that needs to change—in other words, the content of the change.
Sigmoid Curve
The sigmoid curve describes the normal life cycle of something. If we think of it in terms of a product or service, the initial or lag phase is the time at which it attempts to gain traction through market acceptance. Once it becomes accepted, a period of growth occurs, characterized by acceleration, and then deceleration as the market becomes more competitive and it reaches maturity. As competition mounts and the market becomes saturated, decline ensues. Decline can also be precipitated by the arrival and acceptance of a superior product or service. The only things that will differ are the slope and height of the curve and the time required to get to different points on the curve.

Lewin’s Model of Change: Unfreeze → Change → Refreeze

Unfreeze—the process that awakens a system to the need for change—in other words, the realization that the existing equilibrium or the status quo is no longer tenable

Change—the period in the process in which participants in the system recognize and enact new approaches and responses that they believe will be more effective in the future

Refreeze—the change is assimilated and the system reenters a period of relative equilibrium

Beckhard and Harris’s Change Management Process

Organizational analysis—the stage in the process used to understand the forces for change and the reasons why the organization is performing as it currently does

Why change—the stage of the process in which the need for change is determined and the nature of the change or vision is characterized in terms others can understand

Gap analysis—the identification of the distance between the desired future state and the present state at which the system operates

Action planning and transition management—the stage of the process in which plans are developed for bridging the gap between the current mode of operation and the desired future state and the means by which the transition will be managed. Managers also need to consider how to measure change and what measures will be used to help identify where the organization is and the level of success achieved.
END-OF-CHAPTER EXERCISES

TOOLKIT EXERCISE 2.1

Interview a manager who has been involved in change in his/her organization. Ask the person to describe the change, what he or she was trying to accomplish, and what happened?

After the interview, describe the processes of the change. That is, HOW did the managers work to make things happen? Who did they involve? How did they persuade others? What resources did they use?

As well, describe WHAT was being changed. Why were these things important? How would it help the organization?

Which was more important: how things were changed or what was changed?

Be prepared to share the results of your interview with others.
Appendix 2.1: Models of Change

Van de Ven and Poole categorize four types of change models that managers use implicitly when thinking about change. These models are: life-cycle, evolutionary, debate-synthesis, and goal-setting. In other words, many of the assumptions that managers make about change can be captured by these four types. Life-cycle change models assume that there is a prescribed series of steps or stages that must happen. The metaphor of a biological organism helps to explain the concept. Biological entities are born, grow, mature, decline, and die. Organizations can be viewed similarly. Under a life-cycle perspective, change involves natural, linear steps and is beyond the control of the changing entity. That is, change happens. An organization starts as an entrepreneurial venture, grows, becomes mature, and eventually declines under this model.

Evolutionary change is based on Darwin’s notions of survival. The conflict between types results in a natural selection process as the organism adapts to its environment. This recurrent competition notion can be seen in some of the literature describing organizational populations and survival rates. Venture capital firms often operate under these assumptions. They know they must fund a number of start-ups. Many or most start-ups will fail, but the few that are significant successes make up for the failures. The conflict between North American automakers and the Japanese ones can also be seen in this context.

Debate-synthesis models suggest that there are opposing sides, which are in conflict. When the conflict is resolved, synthesis equilibrium is established until another conflict arises. An example in an organization could be the conflict between an older and younger generation in a family business. Eventually, a younger generation takes over. This new stability lasts until a further conflict occurs. Other examples could involve departments with conflicting goals or the organization itself with goals that collide with other organizations’ intentions.

Goal-setting change involves defining gaps between where the organization is and where you want it to be, setting goals, taking action to reduce those gaps, and measuring the results to identify new gaps. Since this book is oriented around planned organization change, much of the content, particularly the action planning...

*Goal setting is named teleological in the literature. Debate-synthesis is called dialectic.
chapter, relies heavily on goal-setting-related themes. Because of environmental changes, there is a recurring pattern of goal setting followed by action.\textsuperscript{12} Many performance management systems are based on a “gap-analysis/goal-setting/action” frame.

These frameworks capture how organizations change, or at least how we think about such change. The personalities of many managers often lead them to follow a goal-setting frame. Their need for power and achievement drives them to action to close perceived gaps in performance and effectiveness. Life-cycle and evolutionary change have an element of fatalism (what will happen will happen) about them, which does not fit easily with an active hands-on approach to change.

While the goal-setting model is simple and appealing, Higgs and Rowland found in one study that having a simple, linear model of change is not as effective as having a more complex view.\textsuperscript{13} They claim that there is “relatively clear evidence to support the view that recognition of the complexity of change is important to the formulation of effective change strategies.”\textsuperscript{14} In this chapter, we move from a relatively simple model of change, Lewin’s, to a more complex one, a modification of Beckhard’s model.

While the analysis of the change is complex and often emergent, the type of actions that change leaders can take can be categorized fairly simply into eight sets:

- changes in mission/purpose;
- redefinition of strategy;
- shifts in objectives or performance targets;
- alterations in organization culture, values, or beliefs;
- organizational restructuring;
- technology changes;
- task redesign; and
- changing people.\textsuperscript{15}

Changes in mission/purpose and strategy involve a realignment of the organization with its environment. Alterations in the organization culture, values, or beliefs (including its informal systems and processes) might just be a shift in the internal workings of the organization but could also be in response to environmental demands. Organizational restructuring includes the redesign of formal systems and processes and is perhaps the most common perspective on organizational change where new reporting relationships are developed. Technology changes and task redesign are changes inside the organization affecting how the work is accomplished. People can be changed either by altering key competencies, shifting attitudes, values, and/or perspectives, or through adding and/or removing key people from the organization. These broad categories of action suggest simplicity. We caution change leaders against assuming this, as the dynamic nature of the organization and its components make it far from simple.
Appendix 2.2: Application of Lewin’s Model of Change

To illustrate Lewin’s model, refer to the Letter of Complaint, pages 41–42, and examine the comments below.

Unfreeze

Will this letter of complaint be sufficient to “unfreeze” the general manager and move her to action? If this is a single letter, it is highly unlikely that change will occur. If complaints are common for this hotel, this might be seen as just one more letter in a pile—background noise in running the hotel. The letter suggests that this might be an airport hotel in London, England. The location of the hotel might be such that customer service shortfalls might not make a difference to occupancy rates, whereas minimizing costs would be crucial to the hotel’s profitability. In all the above scenarios, no unfreezing would take place.

However, this letter may represent an initiative that captures managerial attention and promotes action. The general manager might be facing declining occupancy and view this letter as a signal of where problems may lie. A comparison with other hotels on measures of profitability and customer satisfaction might demonstrate a dramatic need for change that the letter foreshadowed. In this situation, the general manager’s views on the existing system are more likely to be unfrozen, and she would be ready to change.

Note that the unfreezing must take place at many levels. The general manager might be ready for change, but the person at the reception desk might think things are just fine. His perceptions need unfreezing as well! The integration and interdependence of systems and people require us to think about the unfreezing of the organizational system as a whole.

Change

Assume that the general manager accepts the need to improve the specific system that indicates that rooms are ready. She must now decide on what needs to be
changed to bring about the needed improvements. She could begin by using the options mentioned earlier in this chapter. For example, she could hire a quality-control person who is charged with inspecting and certifying all rooms before they are entered into the system as “ready to use.” Some computer programming may need to be done so that rooms are flagged when they are ready or not ready, and the quality-control person might be given responsibility for managing that flag subsystem. The quality-control person will have to be recruited, hired, and trained if they cannot promote an appropriate person from within. Once the room-quality system has been designed and needed procedures are in place, all receptionists will have to be trained. This change could be a participatory process with the involvement of staff, or the general manager could have it designed and order its implementation. The change process would be reasonably complex, involving a number of people and systems.

During this phase, there would be considerable uncertainty. The new system could well be ready before the quality-control person is hired and trained. Or the reverse—the person may be hired and trained but the room-quality system is not ready. Employees might see opportunities to improve what is being proposed and make suggestions regarding those improvements. Regardless of the specifics, the system would be in flux.

In addition to a quality-control person alternative, many other possible solutions exist—some may be much more participative and job enriching than the above. The questions the general manager must answer are which alternatives will be selected, why, and how they will be implemented (who will do what, when, where, why, and how).

**Refreeze**

Once the changes are designed and implemented, employees will need to adapt to those changes and develop new patterns and habits. The new flag system will alter how those at reception and in housekeeping do their work. They may informally ask the quality-control person to check certain rooms first, as these are in higher demand. The general manager will follow up to see how the system is working and what people are doing. New reporting patterns would be established, and the quality-control person might begin passing on valuable information to hotel maintenance and housekeeping regarding the condition of particular rooms. At this point, the system settles into a new set of balances and relative stability. With this stability comes refreezing, as the new processes, procedures, and behaviors become the new “normal” practices of the organization.

What do we mean by this notion of relative stability and predictability that comes with refreezing? It stems from the observation that organizational systems, composed of tasks, formal systems, informal systems, and individuals, develop an interdependent state of balance over time called homeostasis. Perturbations or shifts in one part of the system are resisted, or swings away from balance are countered and balance is regained. As suggested earlier, managers may introduce change initiatives only to have those initiatives fail because of existing systems, processes, or relationships that work against the change. Planned changes in structures and
roles may be seen as decreasing the power and influence of informal groups, and these groups may react in complex ways to resist change. For permanent change, a reconfiguration is needed and new points of balance or homeostasis developed.

The image of a spider’s web can help to picture the phenomenon. That is, view the organization as a complex web of systems, relationships, structures, assumptions, habits, processes, and so forth that become interconnected and interdependent over time. Altering one strand of the web is not likely to significantly alter the pattern or overall configuration. What is needed is a breaking of many interconnected items—the “unfreezing” in Lewin’s terms.

This simple model has stood the test of time. Change agents find it useful both because of its simplicity and because it reminds us forcefully that you can’t expect change unless the system is unfrozen first! We may need other, more complex models of the organization to be able to think through what must be unfrozen and changed, but Lewin forces us to recognize the rigidity that comes with stability and interconnectedness within existing systems, relationships, and beliefs.

However, several concerns prevent us from wholeheartedly embracing this model. First, the model suggests that change is simple and linear. The reality is that change tends to be complex, interactive, and emergent. Second, the creation of the need for change deserves more attention. It is not merely moving individuals away from their assumptions that is required. Rather, they need to have a vision of a future desirable state. Finally, the model implies that refreezing is acceptable as a frame of mind. This seems problematic. In today’s rapidly changing world, organizations find that pressures to adapt mean they are never “refrozen”—and if they are, they are in trouble. However, at one level, leaders know that without a degree of refreezing, that is, some stability, efficiency is impossible. Without stability, it is difficult to establish coherence of direction and purpose. Each organizational member could claim primacy of direction for his or her local area without regard for an overarching vision (particularly as they do know local conditions best). On the other hand, organizations that freeze too firmly may fail to thaw when new markets and customers appear. They may refuse to incorporate feedback in making useful changes. Continuous improvement programs may appear faddish, but they reflect a realistic view of what is needed for a dynamic environment because they enhance an organization’s adaptive capacity. Thus, there is concern with the image created by the word refreeze, as this is likely too static a condition for our long-term organizational health."

*In discussions with managers and students, we often find the phrase “regelling” to have some appeal as a compromise between total fluidity and excess rigidity.
Notes
