

PMG 671
Leadership & Organizational
Behavior

Prepared by

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Chapter 10



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Agenda

To understand what change management is about.

- To understand that all organizations need to change in order to survive and last longer.
- To understand that change is difficult.
- To understand that all companies need to conduct a certain change(s) at a specific point of time(s) in their lives cycle.
- To clarify the importance of organizational diagnosis
- To understand the reasons that might make some diagnosis process fail

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Agenda

- To understand what is the basic concepts of organizational diagnosis
- To learn about the types of planned change programs
- To learn about the main characteristics of organizational change programs
- What are the Main Characteristics of successful Changed Programs

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Change Management

when the rate of change outside exceeds the rate of change
inside, an end is
in sight “
Jack Welsh

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Change Management

It is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change. —Charles Darwin

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What is Change Management?

It is not about personal change.
It is not about creating new organizations.
We focus here on what is happening inside existing organizations and in their environment.

Chapter
10**What is Change Management?**

Change Management is something very organized, conducted intentionally by group of people whose leader enjoys certain authorities that enable him to look at the whole organization's policies and procedures, in a systematic way, for the purpose of both diagnosing and recognizing any part (s) that need change, then justify the reasons for such change to others and finally put a clear plan for change that includes and involves many people inside the organization.

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Why do Organizations need to change?

Both the internal (low productivity, conflicts, strikes, sabotage, and high absenteeism and turnover) and external environment (new comers with new products, old competition launching new products or reducing prices, new technology, ect.) of organizations change constantly. All organizations turn from stage to another in their life cycle.

Thus in order to survive and last longer, organizations must adapt to new changes occurred either internally or externally.

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Organizational change in daily news

- Mergers.
- Acquisitions.
- New labor laws.
- New governmental regulations.
- New structures.
- New products.
- New markets.
- Reported loss by some organizations.
- Selling part of some organizations.
- Laying offs.
- New management
- New CEO and so on.

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Organizational Change is difficult

According to John Kotter (1996), only 30% of change programs succeed.

-According to Mc Minsey (2008), through surveying 3199 executives, they figure out that only 1 change program in three succeeds.

-According to E.de Rooij (1996) average life expectancy for a company is 13 years.

-According to Strangler and Ablesman (2012), the average time at which companies stay on Fortune 500 list is 40 years.

-Finally, according to recent studies, average life for companies in 1935 was 90 years yet it dramatically went down in 2010 to 14 years only.

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Does this mean that only companies that face difficulty need to change?

Change is a continuous process that all companies must apply at different times of their lives in order to survive, reach higher ranks, gain more profits and better market positions, thus last longer.

Thus, companies should not seek change only at difficult times.

Chapter
10**Understanding Lewin's Change Management Model**

If you have a large cube of ice but realize that what you want is a cone of ice, what do you do? First you must melt the ice to make it amenable to change (unfreeze). Then you must mold the iced water into the shape you want (change). Finally, you must solidify the new shape (refreeze).



Chapter
10**Unfreezing**

Before you can cook a meal that has been frozen, you need to defrost or thaw it out. The same can be said of change. Before a change can be implemented, it must go through the initial step of unfreezing. Because many people will naturally resist change, the goal during the unfreezing stage is to create an awareness of how the status quo, or current level of acceptability, is hindering the organization in some way.

Old behaviors, ways of thinking, processes, people and organizational structures must all be carefully examined to show employees how necessary a change is for the organization to create or maintain a competitive advantage in the marketplace.

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Changing

Now that the people are 'unfrozen' they can begin to move. Lewin recognized that change is a process where the organization must transition or move into this new state of being. This changing step, also referred to as 'transitioning' or 'moving,' is marked by the implementation of the change. This is when the change becomes real. It's also, consequently, the time that most people struggle with the new reality.

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Changing

It is a time marked with uncertainty and fear, making it the hardest step to overcome. During the changing step people begin to learn the new behaviors, processes and ways of thinking. The more prepared they are for this step, the easier it is to complete. For this reason, education, communication, support and time are critical for employees as they become familiar with the change.

Chapter
10**Refreezing**

Lewin called the final stage of his change model freezing, but many refer to it as refreezing to symbolize the act of reinforcing, stabilizing and solidifying the new state after the change. The changes made to organizational processes, goals, structure, offerings or people are accepted and refrozen as the new norm or status quo.

Lewin found the refreezing step to be especially important to ensure that people do not revert back to their old ways of thinking or doing prior to the implementation of the change.

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Importance of Organizational Diagnosis

Organizational diagnosis is a step that should be taken prior to any change plans
It enables us to uncover the real problem instead of its symptoms only
Accordingly, an accurate organizational diagnosis enables us to choose the right solution (s) as well as right direction

Chapter
10**Why do Organizational Change Programs Fail?**

Spending little time investigating and deeply analyzing , accordingly, they often diagnose symptoms of their problems rather than the problems themselves

- The tendency of many firms to imitate the change programs of their competitors or other visible firms without doing a careful diagnosis of their own specific needs
- Any planned change program also requires a careful assessment of individual and organization capacity for change
- Change plans must include all organization (Organization- wide change

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What is Organizational Diagnosis?

On-going process:

Organizational diagnosis is based on the Strategic management concepts and is a on-going process which is in existence through out the life of organization.

Shaping broad plans:

First, it is an on-going process in which broad plans are firstly formulated than implementing and finally controlled.

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What is Organizational Diagnosis?

Strategic goals:

Strategic goals are those which are set by top management. The broad plans are made in achieving the goals.

Internal and external environment:

Internal and external environment generally set the goals. Simply external environment forced internal environment to set the goals and guide them that how to achieve the goals?

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What are the Types of Planned Change Programs?

Discontinuous change: This type of change mainly occurs as a result of a huge and major problem that forces top management of an organization to take certain revolutionary and immediate decisions regarding part of their organization in order to contain and face such problem.

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What are the Types of Planned Change Programs?

Continuous change: This type of change does not happen all of a sudden or as a reaction of a certain major and huge circumstances, on the contrary, it happens over time and tends to more radical change that includes more major shifts involving many different levels of organizations and many different aspect of business.

Chapter
10**What are the main Organizational Change Programs?**

According to The Harvard Business Essentials Series (2003), generally, change programs fall into one of the following categories:

Structural change: These programs aim at reshuffling the existing structure of an organization in a way that serves its current challenges. During structural change, top management, might also be supported by external consultants, attempts to reconfigure different parts (departments, business units, subsidiaries) of an organization to achieve greater overall performance. Mergers, acquisitions, consolidations, and divestiture of operating units are all examples of attempts at structural change.

Chapter
10**What are the main Organizational Change Programs?**

Cost cutting: Programs such as these focus on the elimination of nonessential activities or on other methods for squeezing costs out of operations. Such programs may appear more in time of slow growth and low sales figures in a form of discontinuous programs to immediately contain and control such problems, thus the decision taken are very fast and might be painful. Yet, it is important to all organizations to look at cost cutting as a continuous and incremental activity rather than as a reaction of new circumstances or financial problems.

Chapter
10**What are the main Organizational Change Programs?**

Process change: These programs focus on altering how things get done. The nature of such types of programs is continuous and covers all aspects and processes found in an organization. For example revisiting the current work flow process as a result of increasing number of customers' complaints is one the process change programs that aims at increasing both customer satisfaction and loyalty. Thus, such process change typically aims to make processes faster, more effective, more reliable, and/or less costly.

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What are the main Organizational Change Programs?

Cultural change: These programs focus on the “human” side of the organization, such as a company’s general approach to doing business or the relationship between its management and employees.

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Chapter
10**What are the main Organizational Change Programs?**

Other programs may include:

Mission & Strategy change : In theory, all changes in an organization are aligned to the organization's mission and strategy. In reality, changes may be difficult to map to strategy or may even contradict it.

People change : Hiring, turnover, roles & responsibilities, training and other individual changes. People changes may seem minor but taken as a whole they represent a critical focus for change management. For example, training is critical to the acceptance of change

Chapter
10**What are the main Organizational Change Programs?**

Policies & Legal Agreements change : A change as minor as a new rule or policy can have a big impact on an organization. New rules (or changes to legal agreements) aren't always popular with employees and customers — implementation and acceptance can be a change management challenge.

Technology change: Changes to technology infrastructure, systems, automations and tools. Some firms focus on technology change — letting it drive other change within the organization. It's common for change management to be highly focused on technology changes.

Chapter
10**What are the main Organizational Change Programs?**

Products, Marketing and Customer Relationships change :Changes to products, marketing and sales are a critical focus for many organizations. For example, new product development is often key to strategy execution.

Chapter
10**What are the Main Characteristics of
Planned Changed Programs?**

According to Cummings and Worley (1997), effective planned change efforts are often characterized by some common characteristics- from the management side of an organization – mostly through communication and management of the change process as follows:

- Motivating change by creating a readiness for the change among employees and attempting to overcome resistance to change.
- Creating a shared vision of the desired future state of the organization.

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What are the Main Characteristics of Planned Changed Programs?

Developing political support for the needed change.

- Managing the transition from the current state to the desired future state.
- Sustaining momentum for change so that it will be carried for completion.

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What are the Main steps of successful change programs?

Kotter (1995), there are 8 steps for a successful organizational transformation as follows:

1- Establishing a sense of urgency:

Express the need for change among both managers and employees

Show the risks that might occur in case of not applying change

Start a good discussion about how to make change and what needs to be changed to get people participating and thinking

Refer to a change consultant

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What are the Main steps of successful change programs?

Forming a powerful guiding coalition

Form a group of 3 to 5 employees in small and midsize companies and 50 or more in large companies to be the leaders of the coalition

Make sure that all members trust each other and can work in a harmonized manner

Make sure that the chosen members are well respected and trusted among all other employees of the organization

Make sure to include people from different departments in this coalition

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What are the Main steps of successful change programs?

3- Creating a vision

That should include the key reasons for change

That should include how the future of your organization will be once the change is successfully implemented

That should include all steps for successful implementation and results

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What are the Main steps of successful change programs?

4- Communicating the vision

Talk to your people often about your vision to change

Use all possible means of communication you have to convey your vision

Make sure to address all the concerns and sources of anxiety of your people

Explain to your people that the change plan will tackle all aspects of operations

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What are the Main steps of successful change programs?

5. Empowering others to act on the vision

Give the change committee all the power they need

Support and empower all other employees to act on the vision

Recognize and reward people who make change happen

Identify people who are resisting the change and help them to be part of the change process

Take actions to quickly remove barriers

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What are the Main steps of successful change programs?

6- Planning for and creating short-term wins

Do not wait for years to celebrate the success of the change program

Start the change process with programs and targets that gain approval from most of your employees and that you see that they are easier to implement.

Recognize, award and celebrate the short term wins to make people feel that change is possible

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What are the Main steps of successful change programs?

7- Consolidating improvements and producing still more change

Do not ever declare victory until change has strongly become an embedded culture of your organization

After every change achievement, analyze what went right and what went wrong for continuous improvement

Set new goals to continue building on your achievements

Generate new ideas by adding new change agents to the change coalition

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What are the Main steps of successful change programs?

8- Reinforce the changes by demonstrating the relationship between new behaviors and organizational success:

Show people how the new approaches, attitudes and behaviors have helped improve performance

Talk to your people about the change progress every chance you have

Tell your people about the success stories that had taken place in other organizations

When hiring new people, make sure that they are open to change

Organize training that concentrate on the change values and principles

Publically recognize key members of your change coalition and make sure that all know their contribution in the change process

Create succession plans to replace key change leaders as they move to other places



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