EYE BANK ASSOCIATION OF AMERICA

Leading Organizational Change

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By mid-1970's, Xerox's Alto had
- Graphical user interface (GUI) operating system
- Coordinated suite of office application programs
- Mouse pointing device
- Disk storage device
- Ethernet local-area network with e-mail
- Object-oriented programming
- Laser printing/WYSIWYG Desktop publishing

With such an enormous early advantage in technology, why did Xerox not become the dominant player in personal computing?

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1. What changes in our profession will be most impactful to your practice? Why?

2. What should you do in the future in light of these changes? Why will these ideas work, given the profession changes?

Resistance to Change

Personal **Resistance to Change**

1. **Failure to see need for change**
   - Misunderstanding the purpose or consequences of change
   - Too buried in day-to-day operational details to see the need for broader change
   - Too lost in big-picture strategy to recognize change requires implementation needs

2. **Fear of unknown/change**
   - Uncertainty (future, work, expectations)
   - Fear of losing control
   - Fear of new skill requirements

3. **Lack of identification or involvement with change**
   - Not including employees in the change process often leads to later resistance

4. **Vested interests in status quo**
   - Fear of loss of security, status, power resulting from change
   - Conflicting personal and organizational objectives

Resistance to Change

Organizational **Resistance to Change:**

1. **Inertia in past decisions and actions**
   - e.g. QWERTY keyboard

2. **Reward system often reinforces status quo**

A Dvorak Keyboard

3. **Fear that change will upset the current balance of power between groups and departments**

4. **Past history of unsuccessful change attempts and their consequences**
   - e.g. Coke

Approaches to Change

"Lever E": Economic Value

1. Shareholder value as ultimate measure of corporate success

2. Economic incentives, layoffs, downsizing, restructuring, top-down strategy for change, clear comprehensive plan

3. More common in U.S.
   → "Chainsaw" Al Dunlap

4. Critiqued as short-term, focused too exclusively on immediate profits at the expense of long-term strategy
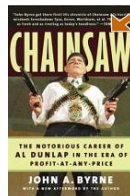
http://www.truepoint.com/our_research/theory_e_and_theory_o.html

Approaches to Change

"Lever O": Organizational Capability

1. Development of effective corporate culture and human capability as ultimate path to success
   → Cycle of feedback and change, employees integral to change process, evolutionary plan

2. Commitment-based psychological contracts with employees

3. More common in Asia and Europe
   → Honda and Toyota

4. Critiqued as too process-oriented, neglecting an explicit tie with financial performance

Integration of Change Strategies

Integration of Change Strategies

Integrating Economic Value and Organizational Capability is ideal.

- **VERY difficult to achieve – 75% of change efforts fail**
- **Balance the advantages of both approaches:**
  - → Develop clear goals for change but plan for the unexpected in the process; combine top-down and bottom-up approaches
  - → Focus simultaneously on the economic structures and the organizational culture
  - → Sequence the economic actions of layoffs, etc, followed by organizational development, but NOT the other way around
  - → Separate leadership between the economic and organizational approaches; have tight coordination between the two

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Kotter's 8 steps to Leading Corporate Transformation

- Establishing a sense of urgency
- Form a powerful guiding coalition
- Creating a vision
- Communicating the vision
- Empowering others by removing obstacles
- Creating short term wins
- Maintain momentum
- Make changes stick by nurturing the new culture

Kotter, John, "Leading Change, Why Transformation Efforts Fail," Harvard Business Review, April 1995.


Application Time: Your Change initiatives

Discuss in small groups:

1. What change initiatives are we trying to lead in our offices?

2. Apply the frameworks we just discussed – how will we plan and execute these goals?

3. What resistance to change (personal and organizational) do you anticipate? How will you overcome it?

Strategic Model for Organizational Change

When planning change, organizations focus on four sequential stages:

Step 1	Step 2	Step 3	Step 4
Rationale	Strategy	Implementation	Recipients
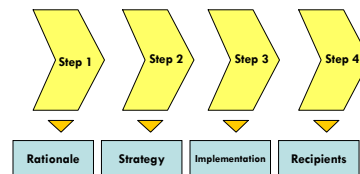
- **(1) Rationale for change:** Why is change needed?
- **(2) Strategy for change:** What kind of change do we want?
- **(3) Implementation of change:** How will we go about this change?
- **(4) Recipients of change:** What will change and whom will it affect?

Strategic Model for Organizational Change

Other factors involved in the strategic change model:

- **Pace/Timing of change:** how quickly should the changes take place?

- **Scope of change:** does the entire organization need to change or just specific components within it?

- **Supporting structures for change:** what steps need to be taken to ensure that the change actually happens

- **Publicity of change:** How does the change affect internal and external perception?

- **Internal politics of change:** How do constituents within the organization feel about the change?

- **Monitoring system:** How do we know if/how change is happening?

Cultural Change

Q. The original Fortune 1000 list came out in the late 1890s. How many of those companies are still on the Fortune list today?

A.

Cultural Change

A.

Q. Why are the other 999 no longer on the list?

What got you here…

- Established, successful firms have a more difficult time changing than newer, smaller firms.

What got you here…

- But some firms have changed with the times