

Comprehensive Change-Making

Some of the bumps on the road to excellence can be leveled if you follow this multi-component strategy for organization change.

By ERNESTO J. POZA

A Greene Engine Corporation plant was searching for methods to improve its productivity and enhance its overall competitiveness worldwide. In starting-up a new plant, Greene Engine decided to look at people, technology and the organization of work to create both superior business performance and superior job satisfaction for the work force. When asked about the

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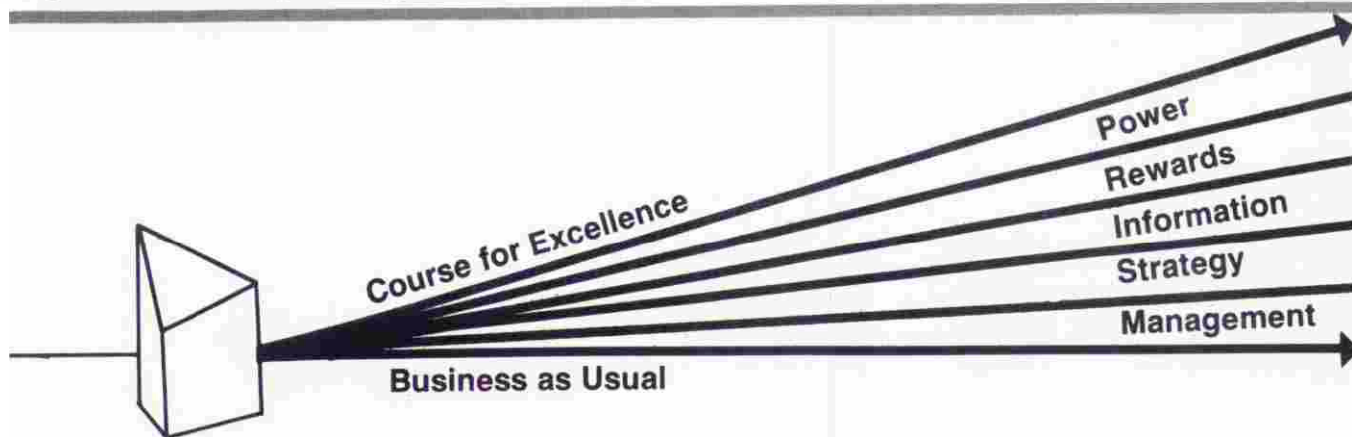
sense of urgency that prevailed, the vice president of manufacturing said, "We believe we *do not* have a choice if we are to compete effectively in worldwide markets."

Companies all over the world face this critical choice. Will they continue to do business as usual, looking for slight, incremental improvements? Will they, instead, choose a more comprehensive change strategy to make a quantum improvement in both business performance and quality of work life for their employees?

Greene Engine created a team structure for work and paid people for learning multiple skills. Training, information sharing and a change in the role of supervision created a culture committed to values of thrift, quality products, hard work and achievement. Greene Engine chose comprehensive change.

Consistently going for three-yard downs may be an appropriate strategy for excellent companies (organizations not facing the need for dramatic plays just to get "back in the game"). But for most companies, the transition state of getting

Figure 1—The Change-Making Prism



to excellence hardly looks like the game being played by already excellent companies.

Charting your organization's own course to excellence first requires understanding where it currently stands on several key dimensions: power in relation to its competitive environment, rewards for employee performance, information availability, strategy of the business and managerial action.

Second, it requires a rich and detailed vision of an "excellent future state" appropriate to your company. Here, the research on excellent companies^{1,2} can help, but organizational leaders have to pay attention to the issue of fit (i.e., what works for Hewlett-Packard may or may not be what makes your organization excel).

Last, choosing a course for excellence demands a recognition that the road to the Emerald City may not resemble the

Emerald City in the least. For example, moving in the direction of employee involvement does not have to be entirely participative.^{3,4}

Change-making can be initiated by looking at your organization through the Change-Making Prism (power, rewards, information, strategy and management).

The spectrum

The implications for change-making derived from looking at the organization through the prism can be seen in the resulting spectrum. The seven-component spectrum offers alternative change and employee involvement strategies. These can be used individually or in combination, to improve the organization's prism profile.

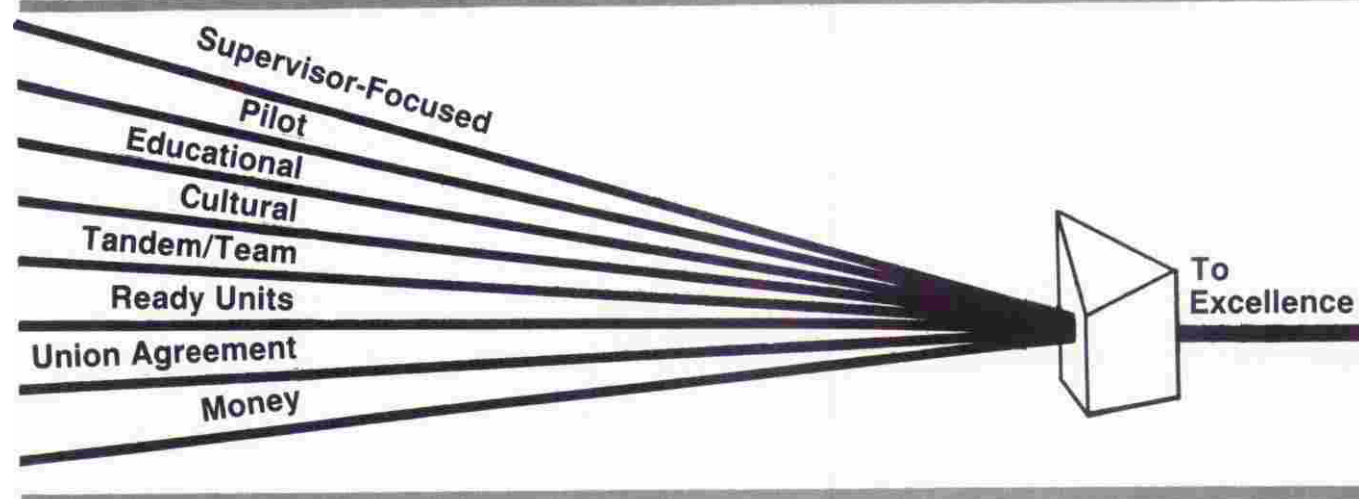
For companies facing the need for quantum improvement, easier-to-implement single-component changes are

not enough. For example, without other changes, new information systems or incentive pay systems repeatedly have fallen short in effectiveness and impact.

Take the case of a large national bank coping with banking industry deregulation. Because competitive pressure on its retail banking arm was eroding its market share, the bank decided to improve customer service by adding new technology. New automated teller machines and several innovative services that new computing power made possible were supposed to bring customers back.

Two years into its single-component change strategy, the bank discovered that not only were retail customers not returning to its branches, but branch managers as a group felt more restricted than ever in providing good customer service. The new technology and services had overwhelmed a branch organization already burdened with the introduction in one

Figure 2—Alternative Change Strategies that make up the 'Spectrum'.



year of five new product lines, two mini-computers and accompanying new procedures.

In the three years that followed, the bank implemented a comprehensive change strategy that included pilot branches, customer service training and a tandem/team organization—all aimed at changing the branch organization's total culture. Results to date show increased productivity, improved customer service (as reported by surveyed customers), reduced number of teller errors, increased job satisfaction and significantly increased volume of retail business in the branches. Customers are returning to their old bank.

The strategy

The change-making prism employs the following components:

■ *Supervisory focus.* This change strategy typically addresses the need for a changing supervisory role and entails education, skills building, a recognition of the importance of supervision and middle management to any change strategy and the building of networks that reinforce the new role.

■ *Pilot for improvement.* This type of change strategy addresses very specific improvement opportunities. By cutting the problem down to a manageable size and involving those with the most information about the problem, solutions are tried or experimented with.

■ *Educational readiness building.* This approach usually covers a broader group of people than the pilot-based strategy and is aimed at increasing knowledge about alternatives, improving change skills and readying the ground for the diffusion of successful projects and pilots. An educational strategy may also be instrumental in changing the culture of the organization.

■ *Cultural change strategy.* The focus here is on the pattern of basic assumptions that make up a company's culture.⁵ Changing this culture or pattern of assumptions and way of perceiving, thinking, feeling and doing things is one of the toughest, most time-consuming challenges to organizations. This is the most elaborate and systemic of the change strategies discussed.

■ *Tandem and team organizations.*⁶ By creating a temporary, project-focused organization in tandem with the formal structure, a burdened organization hierarchy is relieved of changing itself. Task forces and QWL/EI steering committees

linked to the formal organization make a tandem organization. Tandem organizations can help initiate and speed up the process of change, but run the risk of not having a lasting impact. Work teams embedded in the organization as the natural unit of everyday work overcome this difficulty but are harder to initiate in organizations lacking a history of teamwork.

■ *Ready units.* Related to the pilot strategy, ready units (or departments first) is based on starting with those project-improvement opportunities where the responsible people are most ready to begin. By creating conditions for the success of the innovators, a critical mass of change advocates is thus created. This strategy has been dubbed the "find a few friends and light a few fires" strategy.⁷

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The Change-Making Prism

Characteristics

Indicate your evaluation of your organization on each of the prism components. Use a 5-point rating scale (1 is low, 5 is high)

P	Action (corrective, preemptive or preventive) predominates in the organization. Learning from actions taken (an action-research, experimental mode) is also the norm. Layers of "approvals" do not prevent actiontaking. As individuals act, they experience discretion and control. As the entire organization acts, it experiences a competitive edge or <i>power</i> over the competition.	<input type="checkbox"/>
R	People are the keys to productivity and product quality improvement. The expert in any job is the person performing it. Respect for the individual and concern for his or her security, development, recognition and <i>reward</i> are all a part of an "adult culture."	<input type="checkbox"/>
I	<i>Information</i> systems and communication patterns allow people at all levels of the organization to assess the impact of their decisions. These systems are not used to run the company by remote control (by the numbers). Instead, timely, understandable information helps employees pay attention to and care about the details of customer service, quality, costs and competitor's performance. These (and even the price of the company stock) become the reason for both concern and celebration. People have a sense of being in on things.	<input type="checkbox"/>
S	The <i>strategy</i> of the business is clear to everyone so reasons for any needed change become obvious. The organization exhibits a strong appetite (an obsession) for being in touch with the marketplace, close to the customer/distributor and informed of the competition. Employee involvement and other improvement efforts respond to the requirements of this strategy. The organization is driven by values that support this winning strategy and the integrity of the individual.	<input type="checkbox"/>
M	The organizational structure is simple, with relatively few hierarchical levels and a lean staff. Teams, project groups and business units make the organization feel "small" and manageable. There are champions for important projects, products or programs. <i>Management</i> provides visionary leadership and has created a strong positive culture that allows it to loosen controls, be flexible and respond quickly.	<input type="checkbox"/>

■ **Union agreements.** Discussions and negotiations lead to the signing of letters of agreement, the ratification of contract changes or the hammering out of new philosophy statements aimed at guiding labor and management to greater cooperation and trust. While highly visible and politically sensitive, the agreement strategy runs the risk of staying on paper without leading to action.

■ **Money.** Financial incentives for desired performance are a powerful change strategy. The increased use of Scanlon, gains-sharing and productivity-sharing plans attests to the success of this strategy in companies such as Dana, Butler Manufacturing, Midland Ross, Donnelly Mirrors and Sherwin-Williams.

Incentives for learning multiple skills, popularly known as learn-earn pay programs, are also becoming much more prevalent. The resulting flexibility of the work force allows for more challenging jobs and reduced labor costs.

The long run

In considering any of these change strategies for your organization, keep in mind that some of the better known approaches to change emphasize one of the prism-spectrum components; for example, Scanlon plans focus action on the money component. Because "opportunity windows" are important to the initiation and maintenance of change, work-

ing on the prism-spectrum components one at a time may be appropriate for an organization.

Research shows that excellent management distinguishes itself from average management by blending various change strategies to achieve added value.^{8,9} (This is like the spectrum of light produced by a prism that, when reunited, becomes a focused and powerful beam of energy.) But any blending of strategies, as advocated by this model, requires art, a masterful sense of timing and perseverance in the face of problems. Judging from the experience of companies engaged in change-making, changes will often take longer to achieve than anticipated. Changes in supervisory

roles, for example, will be resisted; unrealistic expectations about the outcomes of the change will emerge. How to allocate time and resources to change the organization and to meet production demands will be a continual dilemma. Stress is common in such a climate.

Organization leaders and change advocates should realize that, while the need for change and its potential benefits are obvious to them, it is people lower in the organization who often pay the bill by having to change old ways and give up stability, status or power.

How can the change process be helped? Energy for change is typically highest in crisis situations. It is no surprise that competition from the Japanese has spurred significant change in the automotive, steel and electronic industries. When the consequences of resistance and no change are clearly negative, people have less at stake in the status quo and are more willing to change.

Communication also reduces resistance

to change. The unknown is not understood; changes are always accompanied by rumors, misunderstandings and some loss of trust. Successful change strategies always include provisions for the communication and education that help overcome this kind of resistance.

When considering which change strategy is more appropriate, keep in mind that a common mistake is using repeatedly only one or two approaches, regardless of the situation. Therefore, avail yourself of a variety of the strategies mentioned.

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