
Managing Organizational Change

A Multiple Perspectives Approach

Second Edition

Ian Palmer

Richard Dunford

Gib Akin



Boston Burr Ridge, IL Dubuque, IA New York San Francisco St. Louis
Bangkok Bogotá Caracas Kuala Lumpur Lisbon London Madrid Mexico City
Milan Montreal New Delhi Santiago Seoul Singapore Sydney Taipei Toronto

Contents

Preface xi

Chapter One

Introduction: Stories of Change 1

Stories of Change 2

A Hewlett-Packard Change Story:

Managing a Merger 2

An IBM Change Story: Transformational

Change from Below and Above 3

A Kodak Change Story:

Provoking Reactions 5

A McDonald's Change Story:

Responding to Pressure 6

Drawing out the Change Issues and Where They Are Found in the Chapters

That Follow 8

Images of Managing

Change . . . Chapter Two 8

Why Organizations Change . . . Chapter Three 10

What Changes in Organizations . . .

Chapter Four 11

Diagnosis for Change . . . Chapter Five 11

Resistance to Change . . . Chapter Six 11

Implementing Change . . . Chapters Seven and Eight 12

Linking Vision and Change . . .

Chapter Nine 12

Strategies and Skills for Communicating

Change . . . Chapters Ten and Eleven 13

Consolidating

Change . . . Chapter Twelve 13

Bringing It All Together:

A Roadmap of the Book 14

A Note on Chapter Formats 16

Conclusion 16

Bibliography 17

Notes 20

Chapter Two

Images of Managing Change 23

Images of Managing Change:

Where They Come From 24

Images of Managing 24

Images of Change Outcomes 25

Six Images of Managing Change 26

Image 1: Change Manager as Director 27

Image 2: Change Manager as Navigator 27

Image 3: Change Manager as Caretaker 28

Image 4: Change Manager as Coach 30

Image 5: Change Manager as Interpreter 31

Image 6: Change Manager as Nurturer 32

Using the Six-Images Framework 34

Three Key Uses of the Six-Images

Framework 35

Conclusion 38

Supplemental Reading 39

Case Study: Green Mountain Resort (Dis)solves the Turnover Problem 40

Bibliography 42

Notes 46

Chapter Three

Why Organizations Change 49

Environmental Pressures for Change 50

Fashion Pressures 52

Mandated Pressures 53

Geopolitical Pressures 55

Market Decline Pressures 56

Hypercompetition Pressures 57

Reputation and Credibility Pressures 59

Why Organizations May Not Change in the Face of External Environmental Pressures 60

Organizational Learning versus

Threat-Rigidity 61

Environment as Objective Entity versus

Environment as Cognitive Construction 62

<i>Forces for Change versus Forces for Stability</i>	63
<i>Bridging (Adapting) versus Buffering (Shielding)</i>	63
Organizational Pressures for Change	65
<i>Growth Pressures</i>	65
<i>Integration and Collaboration Pressures</i>	66
<i>Identity Pressures</i>	67
<i>New Broom Pressures</i>	67
<i>Power and Political Pressures</i>	69
Conclusion	70
Supplemental Reading	71
Case Study: Chipping Away at Intel	72
Bibliography	74
Notes	80

Chapter Four

What Changes in Organizations 85

Types of Changes	86
<i>Distinguishing between First-Order and Second-Order Changes</i>	86
<i>First-Order, Adaptive Changes</i>	87
<i>Second-Order, Transformational Change</i>	89
<i>Beyond Either First-Order or Second-Order Change</i>	93
<i>Rethinking Linear, Equilibrium Assumptions about Change</i>	96
<i>Implications for Change Managers</i>	97
Types of Changes: Lessons from the Front Line	99
<i>Downsizing</i>	99
<i>Technological Change</i>	101
<i>Mergers and Acquisitions</i>	103
<i>Revisiting Downsizing, Technological Change, and Mergers and Acquisitions: How Fast?</i>	106
Conclusion	107
Supplemental Reading	108
Case Study: Nestlé	109
Bibliography	110
Notes	115

Chapter Five

Diagnosis for Change 121

Models: Why Bother?	122
Modeling Organizations	123

<i>The Six-Box Organizational Model</i>	123
<i>The 7-S Framework</i>	124
<i>The Star Model</i>	124
<i>The Congruence Model</i>	126
<i>The Burke-Litwin Model</i>	128
<i>The Four-Frame Model</i>	128
<i>Diagnosis by Image</i>	130

Component Analysis 130

<i>The PESTEL Framework</i>	130
<i>Scenario Analysis</i>	131
<i>Gap Analysis</i>	132
<i>The Elements of Strategy</i>	132
<i>The Strategic Inventory</i>	133
<i>Newsflash Exercise</i>	135
<i>Cultural Web</i>	135
<i>Structural Dilemmas</i>	140
<i>The Boundaryless Organization</i>	140

Diagnosing Readiness to Change 141

<i>Stakeholder Analysis</i>	146
<i>Force-Field Analysis</i>	151

Conclusion 152

Supplemental Reading 152

Case Study: Boeing 153

Bibliography 155

Notes 157

Chapter Six

Resistance to Change 159

Support for Change	159
Signs of Resistance to Change	161
Why Do People Resist Change?	162
<i>Dislike of Change</i>	162
<i>Discomfort with Uncertainty</i>	163
<i>Perceived Negative Effect on Interests</i>	163
<i>Attachment to the Established Organizational Culture/Identity</i>	163
<i>Perceived Breach of Psychological Contract</i>	165
<i>Lack of Conviction That Change Is Needed</i>	165
<i>Lack of Clarity as to What Is Expected</i>	165
<i>Belief That the Specific Change Being Proposed Is Inappropriate</i>	165
<i>Belief That the Timing Is Wrong</i>	166
<i>Excessive Change</i>	166
<i>Cumulative Effect of Other Changes in One's Life</i>	166

Perceived Clash with Ethics 166
Reaction to the Experience of Previous Changes 167
Disagreement with the Way the Change Is Being Managed 168

Managers as Change Resistors 169

Managing Resistance 172

A "Situational" Approach 172

The Resistance Cycle, aka

"Let Nature Take Its Course" 172

"Creative Counters" to Expressions of Resistance 174

Thought Self-Leadership 174

Tinkering, Kludging, and Pacing 176

The "Power of Resistance" 177

Conclusion 181

Supplemental Reading 182

Case Study: Problems at Perrier 183

Bibliography 184

Notes 188

Chapter Seven

Implementing Change: Organization Development, Appreciative Inquiry, Positive Organizational Scholarship, and Sense-Making Approaches 191

Coach Image of Implementing Change:

The Organization Development (OD), Appreciative Inquiry (AI), and Positive Organizational

Scholarship (POS) Approaches 192

Traditional OD Approach: Fundamental Values 192

The OD Practitioner 194

Criticisms of OD 195

Current Relevance of OD's Traditional Values 196

Are OD Values Universal? 197

Engaging in Large-Scale Change 198

Appreciative Inquiry: From Problem Solving to (Building on) What Works Well 199

The Emergence of Positive Organizational Scholarship (POS) 202

Interpreter Image of Implementing Change:

Sense-Making Approaches 204

Conclusion 209

Supplemental Reading 210

Case Study: Change at DuPont 211

Bibliography 213

Notes 216

Chapter Eight

Implementing Change: Change Management, Contingency, and Processual Approaches 219

Director Image of Managing Change:

Change Management and Contingency Approaches 220

Change Management Approaches 220

Is Change Management Supplanting OD? 224

OD-Change Management Debates 227

Contingency Approaches 229

Why Contingency Approaches Are Not

Dominant 232

Navigator Images of Managing Change: Processual Approaches 233

What Does Managing Change Mean from a Processual Approach? 234

Conclusion 236

Supplemental Reading 237

Case Study: The British Airways

Swipe Card Debacle 239

Bibliography 241

Notes 245

Chapter Nine

Linking Vision and Change 249

Content of Meaningful Visions 253

Vision Attributes 253

Beyond Bumper Sticker Visions? Visions as Stories 257

Relationship of Vision to Mission and Goals 258

Relationship of Vision to Market Strategy 258

How Context Affects Vision 259

Processes by Which Visions Emerge 260

Crafting the Vision 260

Questions That Help to Develop a Vision 261

Connecting the Vision to the Organization's Inner Voice 265

When Visions Fail 265

Adaptability of the Vision over Time 266

Presence of Competing Visions 268

Linking Vision to Change: Three Debates	268
<i>Does Vision Drive Change or Emerge during Change?</i>	269
<i>Does Vision Help or Hinder Change?</i>	270
<i>Is Vision an Attribute of Heroic Leaders or of Heroic Organizations?</i>	273
Conclusion	277
Supplemental Reading	279
Case Study: Role of Vision at Mentor	
Graphics	280
Bibliography	281
Notes	285

Chapter Ten

Strategies for Communicating Change 291

The Communication Process	292
<i>Modeling the Communication Process</i>	292
<i>Influence of Language, Power, Gender, and Emotion</i>	295
Strategies for Communicating Change	299
<i>Can You Communicate Too Much?</i>	299
<i>Getting the Word out or Getting Buy-in?</i>	301
<i>Beyond Spray and Pray</i>	304
<i>Contingency Approaches to Communication Strategies</i>	305
Communication Media	308
<i>Media Richness</i>	308
<i>Who Is Responsible for Communicating the Change?</i>	310
<i>Tag Teams</i>	310
Conclusion	312
Supplemental Reading	313
Case Study: Cheryl Ways and Agilent	
Technology's Layoffs	314
Bibliography	316
Notes	319

Chapter Eleven

Skills for Communicating Change 323

Communication Skills for Engaging Others in the Change Process	326
<i>Listening as a Communication Skill</i>	326
<i>Telling Stories</i>	327
<i>Selling Change Upward</i>	328
<i>Toxic Handlers</i>	330

Change Conversation Skills	331
<i>Talking in Stages</i>	331
<i>Talking Coherently</i>	333
<i>Aligning Your Language with the Desired Change</i>	334
<i>Creating a Common Change Language</i>	336
Communicating Change with the Outside World	339
<i>Selling Internal Changes to External Stakeholders</i>	339
<i>Crisis Management and Corporate Reputation</i>	340
Conclusion	343
Supplemental Reading	344
Case Study: Tyco	345
Bibliography	347
Notes	349

Chapter Twelve

Sustaining Change 355

Sustained Change: What Are Its Signs?	355
Actions to Sustain Change	359
<i>Redesign Roles</i>	360
<i>Redesign Reward System</i>	360
<i>Link Selection Decisions to Change Objectives</i>	360
<i>Act Consistently with Advocated Actions</i>	360
<i>Encourage "Voluntary Acts of Initiative"</i>	362
<i>Measure Progress</i>	363
<i>Celebrate "En Route"</i>	365
<i>Fine-Tune</i>	366
Some Words of Caution	367
<i>Expect Some Unanticipated Outcomes</i>	367
<i>Be Alert to Measurement Limitations</i>	368
<i>Don't "Declare Victory" Too Soon</i>	368
<i>Beware Escalation of Commitment</i>	369
<i>Recognize "Productive Failure"</i>	370
Conclusion	373
Supplemental Reading	374
Case Study: The Challenger and Columbia Shuttle Disasters	375
Bibliography	379
Notes	382

Index 385