

Chapter 1

The Strategy-Driven Approach

Recently, I was sitting in a local eatery working on this book, hunched over my papers in a nose-to-the-grindstone position, when I sensed a shadow looming over me. I looked over my shoulder and a well-dressed, business-type man inquired, "What are you working on so diligently?" I told him I was writing a book about systematically facilitating organizational change. His face went blank.

I hesitated, and said, "It's about managing change."

He instantly started laughing and sneered, "Why don't you write a book about managing the weather?"

I took a deep breath and asked, "Have there been any changes at your company lately?"

He sighed, sat down, and said, "Of course. Change is the only constant. Customers, suppliers, employees, stockholders, technology, demographics, governmental regulations, public opinion; they all change constantly. But you can't control change; all you can do is react to it."

Most people in organizations have this same reactive approach to change, but I believe it is possible to be proactive and systematic. In this book, I will describe, step-by-step, how organizational change (OC) consultants can help managers to systematically lead organizational change.

Purpose of This Book

The purpose of this book is to provide consultants, managers, and students with a strategy-driven approach to the "real-life" practice of organizational change (OC). I am a practitioner writing to other practitioners: *consultants* (who facilitate organizational change efforts), *managers* (who lead organizational change efforts), and *students* (who are the future facilitators and leaders of organizational change efforts).

Since effective practice is built upon a solid theoretical foundation, the study of organizational change practice should be preceded by the successful completion of the following two college-level courses: Principles of Management and Organizational Behavior (or Organizational Psychology). Some additional courses that will help build a strong theoretical foundation for effective practice include Strategic Management, Organizational Design & Theory, and Group Dynamics.

Every effective OC practitioner I have known has a strong theoretical foundation to build his or her practice upon. We will briefly review the most important theoretical foundations in Chapter 2.

Consultant/Facilitator Viewpoint

While it is possible to take two different approaches to studying OC, consultant/facilitator versus manager/leader, I have decided to consistently use the consultant/facilitator viewpoint. The consultant/facilitator has the responsibility of guiding the organizational members (including managers) through the change process from data gathering and diagnosis to implementation and evaluation.

Throughout this book, I will emphasize the important role of the OC consultant as a "process" facilitator. The consultant serves as facilitator and coach, while management makes the final "content" decisions. This important distinction between process and content will be discussed at length in Chapter 3. Building a collaborative relationship between consultant and management is Chapter 3's focus.

Chapter 4 is devoted to leading change. Leading change is the responsibility of the organization's senior management. "Facilitating" change efforts and coaching management on the change process are the proper roles for the OC consultant. How to coach (and educate) management members on the change process is the focus of Chapter 4.

Step-by-Step Process

The work of the OC consultant follows the six-step Action Research Model. We will discuss the Action Research Model at length in Chapter 2.

The first step of the Action Research Model, data gathering, is discussed, in a step-by-step manner, in Chapter 5. Both methods and sources of data gathering will be discussed in a practitioner checklist manner.

The second, third, and fourth steps in the Action Research Model are feedback to the client, diagnosis with the client, and action planning with the client. These steps are covered in Chapter 6.

The fifth step involves the interventions or "tools" that are used to implement change. Fortunately, there are many tools available to the OC consultant. I have divided the OC interventions (tools) into four types. The four types of interventions (strategic, structural, cultural, and human processes) are covered in Part II of the book (Chapters 7-12).

The final step in the Action Research Model is evaluation. In Chapter 13, I provide guidelines on how to evaluate both the OC intervention and the OC consultant.

The last chapter is devoted to emerging issues in OC

practice. The two most important issues facing practitioners today are globalization and new technology. Chapter 14 is the result of my discussions with numerous OC consultants and managers.

Three Roots of OC Practice

The practice of OC has been disjointed, unsystematic, and, to a large extent, ineffective. Three "camps" of consultants have developed their practices without the benefit of each other's knowledge or practice tools.

The field of OC has three clearly distinct roots: Management Advisory Services (MAS), Organizational Learning (OL), and Organization Development (OD). These three camps have not worked well together because the practitioners in each subfield have had very different backgrounds and orientations.

Management Advisory Services (MAS) has been practiced by large management consulting firms for many years. These management consultants have been assisting clients in developing strategic plans and in reorganizing corporate structures. These strategic and structural changes have had a distinctively business-like bottomline orientation.

Organizational Learning (OL) practitioners specialize in

developing what has become known as learning organizations. Like MAS, OL takes a big picture approach to change. OL practitioners hope to create and maintain an atmosphere of continuous acquisition and dissemination of knowledge throughout the organization. Virtually all businesses today, especially high-tech companies, must be continuously learning (and changing) to stay competitive.

The literature on organizational learning speaks of individuals learning new KSAs (knowledge, skills, and attitudes) for the benefit of the organization. For the organization to benefit, the new learning must be "captured" and made available to organizational members (Beitler, 2000, 2005).

Finally, Organization Development (OD) practitioners focus on diagnosing and changing human interactions between individuals and within groups (French & Bell, 1999). We should recognize the behavioral science roots of OD. OD practitioners have learned (and continue to learn) much from the behavioral science disciplines of psychology, sociology, and anthropology.

Organization Development (OD) deals with the business organization's human process issues (opportunities as well as problems). These issues include team building, conflict management, decision making, and communication, among others.

All three of these roots (MAS, OL, and OD) have something to offer OC consultants. Unfortunately, the three roots of current OC practice have not been brought together into a systematic practice model.

PRACTICE LOG 1.1 - My History with Change Efforts

I started my career with an international management consulting firm. As a CPA, I was initially assigned to auditing and accounting engagements. While I clearly saw the importance of this work, I did not find it to be very fulfilling. I didn't feel that I was making an impact on the organization's future effectiveness.

Eventually, I had the opportunity to work in the firm's MAS (management advisory services) practice with a variety of clients of different sizes in different industries. I found this "big picture" work to be much more interesting. Developing strategic plans and reorganizing the structures of entire organizations were quite exciting.

Eventually, however, I began to question the effectiveness of these grandiose plans and restructurings. Was anything really changing? Clearly, there was little change in the financial statements. In many cases, the financial statements actually

looked worse. When I questioned my superiors, I got responses equivalent to "you're too young to understand, these things take time." But as I watched these companies quarter after quarter (and year after year) I didn't see any dramatic changes. In fact, the only changes I saw in many client organizations were increases in employee complaints about management, and longings for the "good ole days." Was there a problem with MAS's approach to change?

After several years of practicing the MAS approach to change at the management consulting firm, I spent ten years as a senior vice president in banking. As an "insider," I found implementing change to be equally frustrating.

Then after my banking career, I became involved in change consulting from the OL and OD approaches. It soon seemed obvious—both of these approaches also offered only pieces of a larger puzzle.

Finally, after many years of frustration as both consultant/facilitator and manager/leader of change efforts, I developed a systematic strategy-driven approach to organizational change. I want to share that approach with you in this book.

The Strategy-Driven Approach

The strategy-driven approach to organizational change assumes that every organization is more effective when "all the horses are pulling in the same direction." Team building, conflict resolution, or restructuring interventions are doomed to failure until all the organizational members are aware of the organization's mission and its strategy to fulfill that mission.

The first step for the OC consultant is to be sure the organization has a well-crafted strategic plan that clearly communicates how senior management intends to fulfill the organization's mission. Frequently, the organization has a vague mission and/or an unrealistic strategic plan. In these cases, the OC consultant should recommend a strategic planning session with the senior management team. How to facilitate the strategic planning process is the focus of Chapter 7.

Once assured the organization has a well-crafted, well-communicated strategic plan, the OC consultant must determine if the current organizational structure, culture, and human processes will support the strategy. Invariably, attempts to implement even the best-crafted strategy will fail if the organization's structure, culture, and human processes are not supportive.

It might be easier to understand the relationship between these four aspects in the following model, which I have modified several times over the years:

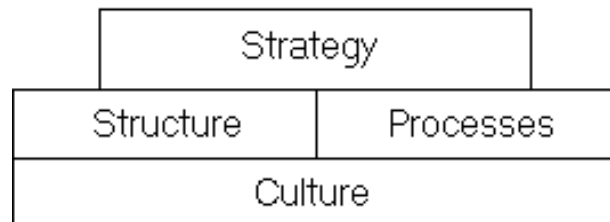


FIGURE 1.1

If a well-crafted, well-communicated organizational strategic plan is in place, it still is possible to make changes in the other three areas that result in dramatic improvement in organizational effectiveness.

We will discuss structural changes in Chapter 8. It is possible to make structural changes at three levels in the organization: the entire organization level, the subsystem (department, group, team) level, and the individual job or role level.

Chapter 9 will be devoted to changing organizational culture. I have put culture on the bottom of my model because organizational culture is a powerful and pervasive force in any

organization. The different interventions, both direct and indirect, for changing organizational culture will be covered in a step-by-step manner.

Chapters 10 through 12 cover process interventions. Recently, in discussions with two of my colleagues from the University of Mannheim, Markus Faller and Lars Mitlacher, they stressed the importance of making a clear distinction between human process interventions and technical (operational) interventions. They have suggested a model that looks like this:

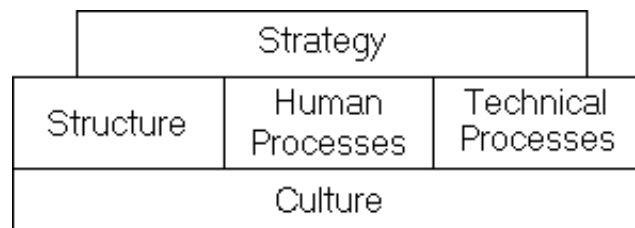


FIGURE 1.2

Human process interventions include making the following types of changes:

Team Building

Conflict Management

Decision Making/Problem Solving

Communication

Management Development

Organizational Learning

Technical (operational) interventions include these types of changes:

Production

Marketing

Finance

Logistics

Technology

Technical interventions, while very important to organizational effectiveness, are beyond the scope of this book. Technical interventions require *content* expertise.

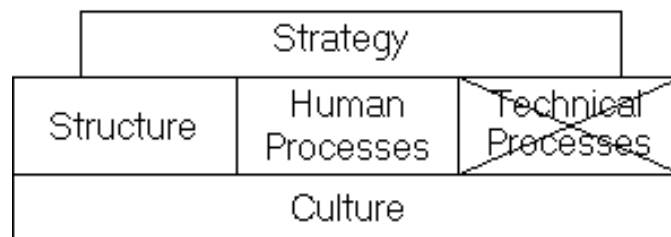


FIGURE 1.3

It is essential to understand that OC consultants are *process* facilitators, not *content* experts. Process consultants (like me) can help facilitate changes in strategy, structure, culture, or human processes, without proclaiming content expertise about a specific industry or technical process. This important distinction will be discussed further in Chapter 3.

In this book, we will use the following model to discuss the four different types of organizational change interventions:

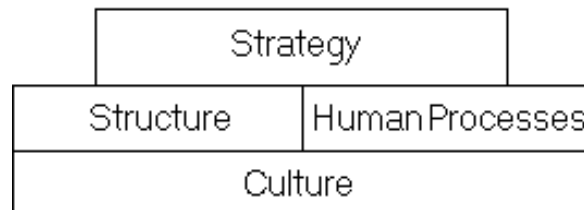


FIGURE 1.4 Targets for Change

There are a very large number of human process interventions available for OC consultants and their clients. We cannot possibly cover all of them in this book. In Chapter 10 we will discuss team building and conflict management interventions. In Chapter 11 we will cover management development interventions. And in Chapter 12 we will detail organizational learning interventions.

The proper alignment of these four organizational aspects (strategy, structure, culture, and human processes) cannot be over emphasized. My model of these four targets for change, and the importance of aligning these four organizational aspects, will be revisited throughout this book.

Growing Need for OC Consultants

As the world we live in changes at an increasingly rapid rate, the need for OC consultants to facilitate organizational change will continue to grow. Using the systematic approach I offer in this book, I think you will find this work to be exciting and immensely rewarding.

Let's get started by looking at the foundational concepts of successful OC practice in Chapter 2. (Even more experienced practitioners should find this to be a helpful review.)

References

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