STRATEGY RESEARCH PROJECT

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TRANSFORMATION AND CHANGE MANAGEMENT FOR STRATEGIC LEADERS

BY

MR. KENNETH L. WRIGHT
Department of the Army

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BY

MR. KENNETH L. WRIGHT
DEPARTMENT OF THE ARMY

Dr. Robert M. Murphy
Project Advisor

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ABSTRACT

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The objective of this work is to examine transformation strategy for strategic leaders and its impact on the organization and assess the importance for a change management methodology during the transformation process. Transformation presents a holistic and dramatic change when an organization reinvents and redesigns work for organizational performance. Change has become center stage to the transformation effort and success. Change management has become the focus in transformation strategy. Results of this study will conclude that any transformation effort without a competent change strategy is doomed to fail. Strategic leaders must plan, support, and provide the leadership to facilitate the change effort. Planning for change is imperative when constructing the transformation blueprint. There is no "best book" approach to change management that can be utilized for every transformation effort. Transformation is only as valuable to the extent that it helps the employees/soldiers do their work faster, more efficient, and deliver customer quality.

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TRANSFORMATION AND CHANGE MANAGEMENT FOR STRATEGIC LEADERS

Transformation, as agreed by many in the Organizational change field, is the holistic and dramatic change that occurs when an organization radically restructures itself to improve its performance. Transformation is a set of behavioral science theories, values, strategies, and techniques aimed at the planned change of organizational vision and work settings. Transformation is seen as a process of change that involves developing new operational concepts, experimenting to determine which ones work and which do not, and implementing those that do. And it is recognized that transformation efforts fail unless a methodology for managing change is incorporated during the transformation effort.[1]

On 12 October 1999, the Secretary of the Army (SA) and Chief of Staff of the Army (CSA) articulated a vision designed to posture the Army to better meet the demands of the 21st century. Stating that the Army must transform to become more strategically responsive and dominant at every point on the spectrum of operations, they presented readiness as the top priority, saying "we must ensure that at all times, the Army can meet the demands of the National Military Strategy and the requirements specified in the Joint Strategic Capabilities Plan (JSCP)....[but they also said]...it is imperative that we continue to take care of our quality soldiers, civilians, veterans and their families as we transform our Army."2

The Army's transformation will effect change in the way military forces are organized, trained, and equipped; change in the doctrine, tactics, techniques, and procedures that determine how the forces are employed; change in the way they are led; and change in the way they interact with one another to produce effects in battles and campaigns.3

The challenge for the Army will be to transform itself while maintaining the near-term readiness and combat overmatch of the force simultaneously. The Army has implemented a Transformation Campaign Plan (TCP) to manage and synchronize the extremely complex task of transforming. The vision represents the goals for the Army, while the Transformation Campaign Plan (TCP) is the vehicle for becoming more strategically responsive and dominant across the full spectrum of operations. Achieving the vision will require the comprehensive transformation of the entire Army from the operational force to the institutional army. The transformation will proceed along three axes: Objective Force, Interim Force and Legacy Force.[4]

Implementing change will not be easy, Machiavelli wrote in his book The Prince, "it must be considered that there is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things."5

This study provides a template on transformation for strategic leaders. It presents an overview of transformation and sets the foundation to construct a link for change management. It identifies, from a macro view, the forces of change and the reaction to change in the work culture. It frames change management within the context of transformation and identifies strategies that will enable successful change planning during a transformation project.

TRANSFORMATION

Transformation addresses basic questions and seeks to restructure organizations around the needs of the customers, owners, employees, suppliers, and regulators- the five core constituencies of an organization. Central to the success of any transformation is the way in which the organization addresses its purpose, its culture, its processes, its performance, and its human resources. Only a small number of organizations seem to truly understand the impact of these issues on the full potential of transformation. Often, transformation can be associated and linked to cost reduction, but the concept of transformation goes far beyond just improving financial matters. Transformation allows the organization to assess and improve its ability to meet its strategic goals.[6]

Paramount to any transformation effort is a competent change management program. Although an awareness of a need for change may be apparent, strategic leaders attempting practical implementation of transformation may make themselves ineffective by failing to understand the degree to which successful change depends on its acceptance by the workforce. Human implications are often ignored, underestimated, or overlooked. As is the degree of impact the revolution has on the attitudes and behavior of managers.[7]

Despite the best and deliberate efforts of strategic leaders, the major changes needed to transform an organization can fail. Executives and employees see change differently. For senior management, change means growth and opportunity for their organizations and themselves. For many employees, change is perceived as disruptive and intrusive. To increase the likelihood of a successful transformation, strategic leaders must reconsider the mutual obligations and commitments that link management to the employees. How the leadership of an organization presents and addresses change during the radical transformation of a company often dictates the success or failure of the transformation effort. [8]

Strategic leaders in the Army must understand how transformation works. One way of better understanding it is to look to corporate America to see how strategic leaders there have dealt successfully with transformation. Transformation was pioneered in a few large corporations in the 1980s as those organizations faced an increasingly competitive and global

economy. The old paradigm of beating the competition that dictated survival was replaced by new concepts, which have evolved from looking for total quality to learning to stay ahead of change to seeking world-class improvement through innovation and transformation. The motivations most frequently cited by senior executives for turning to transformation are competitive pressure, need for improved profitability and need for greater market share (in that order). Transformation is the number one initiative cited by senior executives as the vehicle to accomplish their strategic goals. [9] Yet transformation is not easily accomplished without a clear understanding that transformation means change.

A TRANSFORMED ORGANIZATION

Transformation does not just create all new processes, it creates new organizations. The multidimensional change that radical process redesign brings assures that no aspect of the organization is untested.[10] The most important characteristic of a transformed organization is its customer focus. Not only does the organization put the customer at the center, but all systems and staff must be arranged to serve both external and internal customers. Transformed organizations typically have flat structural designs so that participants can be close to customers, constantly gathering information about the customers' current and future needs. This customer-based focus provides the foundation for the organization's vision, strategy, structure, and job design. As a result of this customer orientation, organizations constantly do more than meet customer needs; they also create new demands for their goods and services.[11]

Michael Hammer and James Champy[12] reflect that transformation typically leads to an organization with a particular set of characteristics:

- Processes are simple versus complex.
- Jobs become multifaceted, as people perform greater ranges of tasks.
- Employees become empowered, rather than suppressed.
- The focus moves from the individual to the team.
- Organizational structure shifts from a tall hierarchy to a flat structure.
- Players in the organization are professionals, rather than managers.
- Organization is driven by an end to-end process vs. A department.
- Basis for performance measurement shifts from activity to result oriented.
- Managers become coaches.
- Focus is on satisfying customer needs and not on the supervisor.
- Fundamental transformation of the value system shifts from being protective and defensive to a productive disposition.

While there are no universal criteria for identifying a transformed quality corporation, ten core values are generally recognized as characteristic:[13]

- Customer-driven. Processes and procedures are designed to meet both internal and external customer needs.
- Leadership. Senior management fully understands the value added and supports the strategy.
- Full participation. Everyone in the organization is provided quality training. Everyone has the perspective, goals, and the necessary tools and techniques for delivery of customer satisfaction.
- Rewards. There is a system in place that rewards innovation, performance, and quality to ensure continual support for the overall transformation effort.
- Cycle time. There is a strong effort to reduce the cycle times, in product or service output as well as support functions.
- Prevention. Quality is designed into the product or service, so that errors are prevented from occurring rather than being detected and then corrected.
- Management by actuality. Managers use data-based feedback to measure progress. Qualitative measures such as intuition and gut instincts become secondary.
- Long-range. There is a constant monitoring of the external environment in order to answer the question: what level of quality or service will have to be provided to customers over the next two to three years, and how can this goal be achieved?
- Partner development. The organization promotes cooperation with vendors as well as customers, thus developing a network which will help direct quality and hold down costs.
- Public responsibility. Corporate citizenship and responsibility are fostered by sharing quality-related information with other organizations, and by working to reduce negative impacts on the community by eliminating product waste generation and product defects or recalls.

TRANSITION STRATEGY

Robert Miles in Leading Corporate Transformation says understanding the concepts and knowing how to transform does not guarantee success. Then he goes on to identify one of the major determinants that increase the chance of success, and that is, effectively employing a system or methodology of change management. [14]

With transformation, the compelling need to change is driven primarily by the marketplace and the competitive environment. Without a compelling need to increase competitiveness, efforts to transform an organization will enter a realm of complacency. To control, shape, and direct change, the organization must develop a thorough understanding of the desired condition in which the executives want their corporation to look like in three to five years. This means that people within the organization must change, as well as the organization must change. For these reasons, a competent change management program is necessary. What comprises such a program? Mitchell Weisburg of Lumen, Inc. reflects that a change management program should include the following:

- Process that transforms an organization,
- Process which is accomplished through a coordinated campaign, and
- Process which encourages and enables individuals to release the old way of doing things and embrace the new way. [15]

Transformation allows strategic leaders, executives, and managers an "opportunity" to reconstruct a commercial entity totally focused on today's and tomorrow's business problems. This new and transformed organization will replace an organization that often finds itself looking backwards and looking to solve problems with dated solutions. Transformation does not seek change for the sake of radical change. The objectives are about competitiveness and repositioning for market place dominance. Radical change is a characteristic of these objectives and becomes an outcome of taking a process view and departing from old ways of doing business through functional departments. Processes become horizontal in nature while functions have established themselves vertical in a tall hierarchy. Processes cut across functions and functional activity feeds processes.[16]

Although, it is not necessary to destroy an organization and start over, transformation allows people throughout the organization to move away from traditional ways of thinking and working. [17] This radical change can be as much fearing as it is exhilarating. For many people, it becomes an obstacle that is impossible to negotiate. Often, the cultural against the kinds of radical change can cause the transformation effort, as grand as it may be in concept, to fail during implementation. As result, people up and down the hierarchy become disillusioned.[18]

CHANGE MANAGEMENT

Managing resistance to change in an organization is without doubt the most challenging and the hardest part of transformation and the part least receptive to a mechanical approach. [19]

In 1995, when managers were surveyed about their concerns and the problems they were facing in their current business environment, managers were asked what they believed was the biggest problem facing them in their organization. Their short answer was "staying ahead of change." The greatest number of managers in the survey believed their biggest problem today is adapting to and managing change.[20] Accepting the challenge and beginning to address the issue of change during the planning process will allow more time to accept change. However, many organizations' leadership, during transformation, tends to focus on innovation and mechanical processes rather than on a plan for change.[21]

Prior to implementation, there must be a plan in the synchronizing of changes to the complete set of business processes which includes their guiding factors and their enablers. Roger Burton, president, of the Process Renewal Group Inc., emphasizes the importance of a methodology which incorporates change into the processes. Changing direction, policies, jobs, organization, technology, facilities, locations and human resource aspects requires a plan for support of an aligned strategy. This architecture must have a change management program to integrate business processes. [22]

Transformation effects all elements of a business. When a process changes, so do the jobs of the employees who perform in that process. Consequently, skill requirements do change. People's work characteristics and the ways in which they think and behave project their attitudes. These attitudes reflect what they believe is important about their work which subsequently must also be realigned to fit the new process. [23]

CHANGE AND THE WORK CULTURE

Prior to embarking on the examination of change management, it is only proper to explore change from a macro sense and in an organizational context. Philosophically, change has many faces and by most counts is determined by environmental conditions, experience, and the element of time. Lumen, Inc., a change consulting group, identifies change in the following context: [24]

Change is a reliable constant.

Change is about strategies and not values.

Change can be crises and/or opportunity.

Change is the redirection of behavior.

But what drives behavior? Charlotte Wells and Mitchell Weisburg of Lumen, Inc. Identify the following drivers of behavior: [25]

Culture drives group behavior.

Attitudes and beliefs drive individual behavior.

Skills, capabilities and experience enable behavior.

Environmental factors impact behavior.

Change has taken this world from the domestication of animals to robotics in the workforce and from gunpowder to laser technology in star wars in order to accomplish a quick defeat of our opponent. Cultures over time have experienced a furious pace of change. As result, the planet has shrunk and the boundaries of our continents have been rearranged dramatically. In only the past ten years, strategic leaders have dealt with the element of change on numerous fronts.[26]

The size of the work force has been reduced. Entire layers of management have been eliminated at General Motors, IBM, and Sears and Roebuck. Reward systems are constantly being revised to reflect employees' acquired skills versus their seniority. New evaluation methods focus on group accomplishments instead of individual accomplishments. Exciting new approaches to oversee employee involvement in decision making are becoming commonplace in many firms including Weyerhaeuser, Zenith, and Bristol Meyers. Computer-integrated manufacturing has been used to analyze the value added to a product by a person or a team. The United Auto Workers (UAW) union is collaborating with Toyota and General Motors, producing higher quality and lower cost automobiles.[27]

Workers normally resist attempts to change their ways or routines of working within the structure of which they work. This resistance is grounded in the preference for the familiar and the difficulty of unlearning. Within this preference, there exists old habits, a certain laziness, and possibly complacency which makes most men not willing to contribute in an effort to conform or change and will try to avoid it.[28]

Attitudes toward change normally depend on whether the individual thinks the new system would be advantageous to him. If he has experienced comparable changes in the past, he is likely to assume that new changes would affect him in more or less the same way that previous ones did. If the individual has not seen much change, his attitude will depend on the extent to which he is satisfied with his position under the existing system. He may also have preconceptions about change which are based on rumor, expectations and fears, or lack of facts. His own basic motivations may incline him to support or to oppose change.[29]

FORCES OF CHANGE

Six forces have been identified which have readily been accepted as justification or reason for change. Once these forces are identified, described, and understood by workers, the changing nature of the work force will help precipitate change. These six forces[30] include:

The changing nature of the workforce,

Technology,

Economics,

Changing social trends,

World politics, and

Competition.

Nature of the Work Force

Different work values have changed over the years and even generations. Older employees seem to emphasize loyalty while the younger place higher values on relationships and job satisfaction. The numbers of women in the workforce have increased. This gives way to the increased number of dual-income couples. As result, organizations now must give consideration to transfer polices as well as child care and elderly care support.

Technology

Technology has reshaped the work force of today and the implementation of computers, new telecommunication systems, robotics, and other new technology have had a great impact on organizations. Organizations now must increase their investment in the retraining of their personnel, since many current employee skills are now becoming extinct. Flatter organizations are now becoming common since the introduction of computer control for direct supervision and information technology. The result has become a viable solution to ensure organizations remain responsive in a competitive environment.

Economics

Economics reshapes organizations on a daily basis. Several major events over the years have transpired and stand out as significant. World oil prices have escalated over time and have impacted organizations throughout the world. Inflation and interest rates have risen. Collapse of numerous financial markets sent shock waves throughout the world. Subsequently, collateral fallout necessitated how businesses throughout the world would conduct business.

Social Trends

Social trends span a large sector of society. Student bodies at universities have changed dramatically. Student population has more than doubled in thirty years. Women, recently a minority, on campus now are the majority. Individuals also are delaying getting married and starting families later in life. Divorce rate is at all time highs. The retail industry has shifted from major department stores to specialty stores.

Politics

World politics play a major stake in organizational behavior and evermore so from a global context. Since the United States and the remainder of the industrialized world entered into what has become to be known as globalization, changes are necessary. The largest employer in the United States, the Defense Department, plays a major part into world politics. From downsizing the military to awarding major contracts, organizations must acknowledge that the marketplace and its relationship with politics have gone through major changes in the last thirty years.

With the emergence of a world market and the integration of multi-national companies in the forefront, firms need to realize that to compete means to compete on a global basis. This will require employees to become attuned to cultural differences and a greater interaction with people in other countries and working with their contemporaries of different cultures. As currencies and production fluctuate and as economies outperform one another, politics will generate the realization that some companies will fail because their products or services can be more efficiently produced in another country.

Competition

Competition will require an equally flexible and responsive work force that can change quickly to respond to short production runs, and an ongoing stream of new products. Heightened competition means that organizations will have to defend themselves against competitors throughout the world who can develop new products and services and get their ware to the market place quicker and cheaper.

More organizations in the world today face a dynamic and changing environment which requires the need to adapt. Managers need to understand why people and organizations often resist change and how this resistance can be overcome. When confronted by sudden change, most react with fear and anxiety. Whether it is a new assignment, reorganization, or implementation of new systems, the first reaction to change is normally defensive. The fact remains that change is necessary and lies at the center of successful management.

UNDERSTANDING RESISTANCE TO CHANGE

Resistance to change is what consulting managers find the most perplexing, annoying, distressing, and confusing part of the transformation process. Human behavior seems infinitely more intricate than even the most complex processes of transformation. The term *resistance to change* is an overly simplistic term to describe a very elaborate phenomenon[31]

Michael Hammer and Steven Stanton" illustrate this phenomena in a discussion of the transformation of a major insurance company. This transformation introduced a new process for handling insurance applications and as result people's jobs changed. Done away with were a collection of narrow, specialized jobs; in their place was the new generalist role of customer account manager. The old functional departmental hierarchy was replaced by a flattened, team-oriented structure. The compensation system was modified to recognize and encourage personal performance and customer focus. The roles of managers were redefined from control-oriented supervisors to supportive facilitators.

The responsibility for the selling process was united around a multidisciplinary team with responsibility for long-term customer relationships. Team members needed to learn new skills for working together and to unlearn traditional hierarchical behavior styles. Members needed to adopt new measures that emphasized customer acquisition and retention rather than transactions, and to develop a new set of attitudes about cooperation and mutual respect.

The transformation from the previous process to the present was a distressing experience for everyone involved. It should come as no amazement that workers regard such a transformation with much alarm and anxiety, and that they find the experience itself to be unsettling and dislocating. Hammer and Stanton report such experience with companies agonizing to implement transformation, the number one source of their dilemmas has been in the area of coping with the reactions of the employees in the organization to the enormity of the change. These dilemmas take a vast array of forms, some predictable, others quite unexpected. Hammer and Stanton reflect upon their encountered reactions and attitudes.[32]

1. A key senior executive, head of a major business unit of an insurance firm, was concerned that the reengineering of a process on a cross-business-unit basis would erode his authority and independence. His response was to try to kill the project from within by passive aggression. He would always promise to provide people and resources to the effort but never actually delivered, always citing other pressures, unexpected emergencies, and the like. He also managed to forget to share critical information with his people, all the while swearing eternal loyalty and devotion to the effort. Shortly after the transformation program was announced at a financial

services company, rumors started running rampant. Transformation was rumored as merely a method for downsizing and conducting massive layoffs. The company was on the brink of bankruptcy; workloads would be dramatically increased. These rumors seemed to spring from nowhere, but were nonetheless present.

2. The union leadership of a major manufacturer felt that a proposed transformation effort would undermine the job categories and work rules that they had won over the years. It was believed the spirit of management-worker cooperation that might ensue would erode their own position. They persuaded their membership to vote for a strike. One of the senior managers of a manufacturing company was uncomfortable with power sharing and the pushing of decision making down into the ranks. He resigned to start a new competing firm.

3. Many of the front-line workers at a telecommunications company refused to shoulder the new responsibilities that a transformation process placed on them. They continued to operate in the old "disempowered" way, claiming that they lacked adequate training or information to perform as the new process required. They constantly sought direction from their (now far fewer) supervisors, effectively causing the process to grind to a halt.

MANAGING CHANGE SUCCESSFULLY

Since the 1980s, volumes of research have reported on transformation. Robert Miles in his 1997 book, Leading Corporate Transformation, said a corporate vision should, along with identifying a purpose and mission for the organization and creating an emotional view for the future organization state, provide direction to get to the vision state.[33]

ORGANIZING FOR CHANGE

The role of leadership during the process of transformation is critical to its success. Executive leadership will determine the prosperity of the transformation. Top management involvement and support will become paramount to the success of the transformation effort.[34] the transformation leader must be a highly placed strategic leaders who has the authority and personal conviction to make transformation happen. This leadership must have a vision of a new organization that is to be created by a means of transforming. [35] At some point early in transformation planning, senior management needs to formulate a vision of what is meant by quality. [36]

Top management involvement often begins with senior-level executives attending transformation seminars and learning how transformation and planning for transformation

works. Planning is done by a concerted *effort to* ensure that all departments are organized toward efficient accomplishment of quality objectives.[37]

Organizations should create a quality office or designate a senior-level manager as the quality officer to spearhead the development of the necessary infrastructure. Some organizations will set up quality offices at the senior management level. Organizations should use action teams to manage projects that cross functional areas, such as; marketing, finance, engineering, and manufacturing.[38]

TECHNIQUES OF CHANGE

The firm communicates its quality actions through such avenues as company newsletters, bulletin boards, or employee recognition. Each plan or program uses a checklist that documents performance against goals. Examples include customer-related data such as on-time delivery and customer satisfaction survey results; employee-related data such as quality training and interview/hire ratios; supplier-related data such as a supplier performance index and supplier audit results; financial and operational information and statistical process control results.[39]

Finally, organizations should use benchmarking and competitive comparisons to ensure that its key strategy, product, and customer satisfaction factors are all at acceptable levels. This is all brought together in a comprehensive strategic business plan, which combines short-term and long-term goals. The plan will address each target market segment with corporate purposes and strategic goals, competitive analysis, and current plans and initiatives under the new paradigm.[40]

Implementing and controlling the effort is a critical step. Implementation and control steps for achieving total quality are commonly determined at the same time the plan is formulated. Execute feedback programs through the use of surveys, partnership calls, and other methods of determining that customer satisfaction is being achieved.[41]

Besides feedback, every complex organization needs to develop a type of dialogue, due to its variety of subcultures (departments, divisions, levels of management, and the like). Each subculture has its own special interests, perceptions of how the business should operate, and its own language. Dialogue, as a discipline, is now emerging, as a technique for helping individuals recognize and put aside basic differences. As result, higher levels of collaboration are possible which make capacity for transformation and changes possible.[42]

STAGES OF CHANGE

John p. Kotter, in Leading Change, develops and talks of eight stages of creating major change (see table 1.).[43]

1 ESTABLISHING A SENSE OF URGENCY
- Examining the market and competitive realities
- Identifying and discussing crises, potential crises, or major opportunities

↓

2 CREATING THE GUIDING COALITION
- Putting together a group with enough power to lead the change
- Getting the group to work together like a team

↓

3 DEVELOPING A VISION AND STRATEGY
- Creating a vision to help direct the change effort
- Developing strategies for achieving that vision

↓

4 COMMUNICATING THE CHANGE VISION
- Using every vehicle possible to constantly communicate the new vision and strategies
- Having the guiding coalition role model the behavior expected of employees

↓

5 EMPOWERING BROAD-BASED ACTION
- Getting rid of obstacles
- Changing systems or structures that undermine the change vision
- Encouraging risk taking and nontraditional ideas, activities, and actions

↓

6 GENERATING SHORT-TERM WINS
- Planning for visible improvements in performance, or "wins"
- Creating those wins
- Visibly recognizing and rewarding people who made the wins possible

↓

7 CONSOLIDATING GAINS AND PRODUCING MORE CHANGE
- Using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision
- Hiring, promoting, and developing people who can implement the change vision
- Reinvigorating the process with new projects, themes, and change agents

↓

8 ANCHORING NEW APPROACHES IN THE CULTURE
- Creating better performance through customer- and productivity-oriented behavior, more and better leadership, and more effective management
- Articulating the connections between new behaviors and organizational success
- Developing means to ensure leadership development and succession

TABLE 1. THE EIGHT STAGES OF CREATING MAJOR CHANGE

AVOIDING COMMON ERRORS

Resistance to change during transformation is an expected reaction. In order for transformation to be a success, this resistance must be anticipated, planned for, and overcome. The challenge of change during transformation is a critical matter for success and survival. ..[44]

Kotter cites eight errors common to organizational change efforts and their consequences[45] (See table 2.). According to Kotter, who is a professor of leadership at Harvard Business School, the first common error is allowing too much complacency. Kotter says the biggest mistake people make when trying to change organizations is to go forward without establishing a high sense of urgency with fellow managers and employees. This error is fatal because transformations always fail to achieve their objectives when complacency levels are high. Establishing a sense of urgency and eliminating complacency are crucial to gaining cooperation needed to drive the transformation process.[46]

The second error, according to Kotter, is that of failing to create a sufficiently powerful guiding coalition. Major change is often said to be impossible unless the head of the organization is an active supporter. In successful transformation, the president and his senior and mid-level managers with a commitment to improved performance must pull together as a team. This group rarely includes all of the most senior people because some of them just will not buy in, at least at first. But in most cases, the coalition is always powerful--in terms of formal titles, information and expertise, reputations and relationship, and the capacity for leadership. No one individual, regardless of formal or informal power or weak committees, can lead or manage transformation.[47]

The third error is underestimating the power of vision. Vision plays a key role in producing useful change by helping to direct, align, and inspire actions on the of large numbers of people. Without an appropriate vision, a transformation effort can easily dissolve into a list of confusing, incompatible, and time-consuming projects that go in the wrong direction.[48]

COMMON ERRORS

- Allowing too much complacency
- Failing to create a sufficiently powerful guiding coalition
- Underestimating the power of vision
- Under communicating the vision by a factor of 11 (or 100 or even 1,000)
- Permitting obstacles to block the new vision
- Failing to create short-term wins
- Declaring victory too soon
- Neglecting to anchor changes firmly in the corporate culture

CONSEQUENCES
➢ New strategies aren't implemented well ➢ Acquisitions don't achieve expected synergies ➢ Reengineering takes too long and costs too much ➢ Downsizing doesn't get costs under control Quality programs don't deliver hoped-for results

TABLE 2. EIGHT ERRORS COMMON TO ORGANIZATIONAL CHANGE EFFORTS AND THEIR CONSEQUENCES

The fourth error is undercommunicating the vision by a factor of 10 (or 100 or even 1,000). Major change is usually impossible unless most employees are willing to help, often to the point of making short-term sacrifices. But people will not make sacrifices, even if they are unhappy with the status quo, unless they think the potential benefits of change are attractive and unless they believe that a transformation is possible. Without credible communication, and a lot of it, employees' heart and minds are never captured.[49]

The fifth error is permitting obstacles to block the new vision. New initiatives fail, far too often, when employees, even though they embrace a new vision, feel dis-empowered by huge obstacles in their path. Occasionally, the roadblocks are only in people's heads. Then the challenge is to convince them that no external barriers exist.[50]

The sixth error is failing to create short-term wins. Real transformation takes time. Complex efforts to change strategies or restructure businesses risk losing momentum if there are no short-term goals to meet and celebrate. Most people won't go on the long march unless they see compelling evidence within six to eighteen months that the journey is producing expected results. Without short-term wins, too many employees give up or actively join the resistance.[51]

The seventh error is declaring victory too soon. After a few years of hard work, people can be tempted to declare victory in a major change effort with the first major performance improvement. While celebrating a win is fine, any suggestion that the job is mostly done is generally a terrible mistake. Until changes sink deeply into the culture, which for an entire company can take three to ten years, new approaches are fragile and subject to regression.[52]

The last of Kotter's errors is neglecting to anchor changes firmly in the corporate culture. In the final analysis, change sticks only when it becomes "the way we do things around here," when it seeps into the very bloodstream of the work unit or corporate body. Until new behaviors are rooted in social norms and shared values, they are always subject to degradation as soon as the pressures associated with change effort are removed. Two factors are particularly

important in anchoring new approaches in an organization's culture. The first is a conscious attempt to show people how specific behaviors and attitudes have helped improved performance. When people are left on their own to make the connections, as is often the case, they can all too often envision inaccurate links. Anchoring change also requires that sufficient time be taken to ensure that the next generation of management really does personify the new approach. If promotion criteria are not reshaped, transformations rarely last. One bad succession decision at the top of an organization can undermine a decade of hard work.[53]

None of Kotter's change errors would be costly in a slow moving and not-too-competitive world. Handling new initiatives quickly is not essential component of success in relatively stable or cartel-like environments. But for us, today, stability is no longer the norm. And most experts agree that over the next few decades the business environment will become only more volatile. Making any of the eight errors common to transformation efforts can have serious consequences (see table 2).[54]

Leaders must not stop the transformation before it is completed. They must not abandon the project out of fear. Too many organizations halt their transformation efforts when they start to see some return.[55] This is as bad as stopping at the first sign of difficulty. Perseverance and patience are needed to achieve breakthrough results.

To change conventional thinking, the traditional methods and status quo must depart. Organizational change creates a host of emotions and attitudes and has become recognized as a major obstacle of progress. [56]

SUMMARY

In any transformation process, the organization seeks radical change. Senior leadership wants to transform the value-added processes, as well as make significant differences in the time it takes to respond to customers and make changes. Information technology (computing and communication) should be the enabling vehicle to doing this. At this point many transformation endeavors falter. Without addressing change management planning, forces of change, and social issues in the context of transformation, expectations and established goals of successful radical change will not be reached. This study finds that change management is critical to the success of any transformation effort.

Change is not generally well understood. Change is a reliable constant and is about strategy and not values. Change redirects behavior and is generally resisted. It is this resistance that is generated out of the preference for the familiar. This preference contains a group of attributes that consists of old habits, difficulty of unlearning, and a propensity for the familiar.

The strategic leader must understand these characteristics as well as identify the environmental forces that culminate change. The changing nature of the workforce, economics, technology, and competition are driving forces in an ever changing global market place. Once the strategic leader is able to recognize and analyze these forces, the better off the organization will be able to plan for change and then transmit change to meet organizational goal's.

When confronted with change, employees react with fear, anxiety, and rebellion. Their inability to adapt to change will result in defensiveness and turbulence which will impact the organization.

To control, shape, and direct change, the organization must promulgate a thorough understanding of the desired condition in which senior management wants to achieve for the organization. When the desired condition can not be met with continuous improvement programs, transformation is often the answer. It is because of this lack of regard that many transformation efforts fail. As result, a thorough plan for change must be introduced and managed as part of the blueprint for transformation.

Strategic leaders must, as part of this plan, determine the organization's capacity for change. It is imperative that the organization be assessed on a readiness scale to ascertain the human issues and define the factors that must be dealt with prior to transformation and in planning for change.

There is no "one size fits all" plan or methodology in determining how change management programs should be developed and implemented.

CONCLUSION

For an organization to successfully undertake transformation, it should be presented or marketed as the future way of life for everyone. A total shift in the organizational, managerial, and technological paradigms in most cases is required. A vision must provide the necessary focus, direction, and road map for the transformation efforts in order for the changes to fit together.

Strategic leaders must approach transformation from an organizational wide perspective in conjunction with the effective use of key process change enablers. Providing positive leadership and effective management control in the midst of chaos is the biggest challenge to the organization.

From an employee standpoint, the real victims are those individuals who can not work out some kind of viable compromise and retain enough of their self-concept to feel that they have been left intact by transformation. Strategic leaders may often be pre-occupied for a

considerable period of time with the "mechanicalistic" aspects of transformation and forsake the social aspects demanded by the workers.

For the strategic leader, living in a fast and furious global marketplace, there is a challenge in mastering change and becoming competent and effective as a strategic leader.

WORD COUNT = 7,145

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