

Driving Organizational Change

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Session Objectives

- To discuss some of the major changes you are experiencing in your leadership role with the Army.
- To develop a structured approach for diagnosing, planning, implementing, and evaluating change in complex organizations.
- To test our thinking about leading effective change, using a simulation exercise.
- To take away lessons on managing and leading change that apply to your situation.

Changes You See From Your Leadership Perspective

- How are the large-scale changes in the Army translating into specific changes in your commands?
- What can and should be done to ensure these changes are understood and accepted by the affected stakeholders?
- What barriers or sources of resistance do you see or expect, and how can they be effectively addressed?
- Overall, what can and should be done to facilitate the changes you are handling now and expect in the future?

Successful Change

Step in the process	
Sense of urgency	Based on market and competitive realities and current or potential crises
Guiding coalition	To guide and lead the change effort
Create vision	Clear and compelling end result
Communicate vision	Often, frequency, different modes
Empower others to act on vision	Remove obstacles, modify structures and systems, promote risk-taking
Create short-term wins / communicate	Recognize and celebrate progress
Consolidate improvements	Align organizational systems and structures to new direction
Institutionalize changes	“New” way needs to become “the way”



GlobalTech
ExperienceChange

experiencepoint

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ExperienceChange Simulation Overview

- You have been hired as a consultant by GlobalTech, a company that designs, manufactures, and markets global positioning system (GPS) devices.
- GlobalTech has experienced difficulty shifting its focus from military to commercial markets. Two competitors moved into the commercial market before GlobalTech, which has only managed to gain a 6% market share.
- During the past six years, revenues and profit for GlobalTech have declined steadily. Two years ago, GlobalTech lost money for the first time since it was founded, and last year these losses nearly tripled.
- Your goal is to help GlobalTech navigate the change process to enhance its competitiveness and survival.

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Problems at GlobalTech

Challenges

- Military markets slowing, mature
- Military contract margins 100 percent higher (encourage R&D)
- Commercial markets introduce new products at twice rate
- “Totally” different sales approach
- Not “tech savvy” customers
- Much different price points (\$2,500 vs. \$25,000 - \$100,000)
- Products with different colors, and different LCDs

Problems

- Manufacturing not set up for variety of products
- R&D designing what manufacturing can't build and customers don't want
- Problem is Marketing ... or Manufacturing ... or R&D
- Lack of information sharing
- Power struggle between military and commercial groups
- Products not marketed well to commercial markets
- Quality slipping

What is Happening at Global Tech

- What is the root cause of Global Tech's problems?
- How do you
 - Systematically diagnose the situation
 - Separate symptoms from causes

A Few Questions

	Military Market	Commercial Market
How many customers?		
What does the customer want? <ul style="list-style-type: none"> • Technology • Quality • Price • Variety (non-tech bells and whistles) • How many will they order at one time 		
Implications for the organization? <ul style="list-style-type: none"> • Uncertainty / Information processing • Questions that need to be answered between functional areas • Demands for tight/quick coordination 		

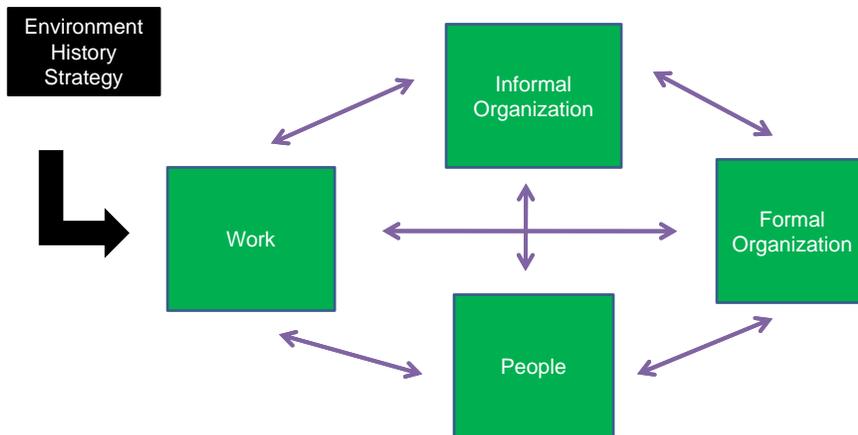
Current Situation: Global Tech

- Johnson & Gagnon started together in early 1980s
- Manufacture GPS equipment for military
- Primary funding – Dept of National Defense
- Quickly built reputation as leading manufacturer of GPS
- Key takeaways
 - Known for leading edge technologies
 - Military = 97% of total revenues

Current Situation: Global Tech

- Military markets declining, Financial losses
- Commercial market emerging
 - Basic (“primitive”) technology
 - Nice looking interface and packaging
 - Sell cheap (\$2500 vs. \$25,000-\$100,000)
- Go after commercial market
 - Hired Jennifer Smith (R&D), Catherine Lalonde (Marketing)
- Mindful of ripple effects through other parts of the organization

The Congruence Model



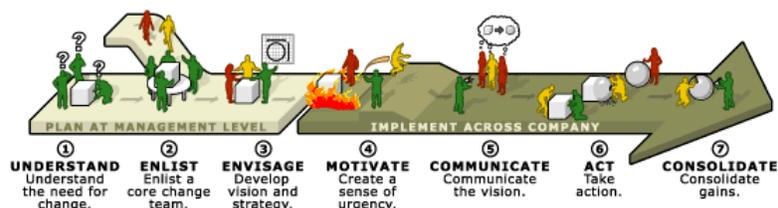
Nadler, D.A. and Tushman, M.L. (1997). *Competing by Design: The Power of Organizational Architecture*. New York: Oxford University Press.

Key Questions to Ask

- Will a new strategy require a change in the organization's core work
- Will this new work require changes to organizational structures, processes and work flows
- Do we have the right people with the right skills with the right metrics for this new work
- Will the current organizational culture facilitate or hinder the accomplishment of this new work

ExperienceChange Model

- The ExperienceChange simulation is built around a seven-stage model of change. This model has many features in common with other major change models.
- The seven stages of the ExperienceChange Model are depicted below:



Let's take a look at the Simulation

Some Logistics

- A tactic can only be used once, so choose wisely!
- The planner helps you sort and prioritize change tactics, but you still must implement the tactics one at a time.
- You can use the “Feedback” and “Debrief” to review the effects of each tactic you implement.

Scoring the Simulation

- The simulation gives you the following scores:
 - % buy-in
 - Your decisions with an overlay of appropriate timing
 - Overall leadership score
 - Budget and time used (%)
- Scoring reflects a basic principle common to change models
 - You should select the right tactics at the right time, sequence them with complementary actions, and execute them well

When You Finish the Simulation

- Reflect on your performance
 - Tactics that were particularly effective or ineffective
 - Your rate of progress and final scores
- Consider the feedback given by the simulation
 - Timing
 - Sequencing
 - Execution

GOOD LUCK!

What Did You Learn?

- What tactics did you use that worked well and you might want to apply in an actual change effort?
- What tactics did you try that did not work well and you might want to avoid in an actual change effort?
- How does the simulation compare to your experiences with change?
- What general lessons can we draw from the simulation?

Conclusions

- Organizational leadership is about
 - Thinking systematically about organizational problems
 - Using conceptual models of how organizations function to help locate core problems
 - Separating symptoms from causes
 - Identifying initiatives to address core problems
 - Implementing these changes *successfully*

You Need to Identify the Right Degree of Change

- Administrative use of existing structures to maintain effective operations
- Embellishment or slight changes to existing structures to improve operations
- Designing or significantly changing organizational structures in light of new strategies and policies

In This Case: GlobalTech

- Environment shift (mature military, growing commercial)
- Change in strategy
 - Change in customer preferences
 - Tighter time to market
 - Re-org of marketing highlights change in strategy
- Strategy shift influences nature of the work
- Implications for organizational structure
- What other changes will need to be put in place
 - Reconfigure manufacturing process into cell based manufacturing
 - Adjust other parts of the organizational structure ... rewards, metrics, culture, people systems

Some Parting Comments on the Simulation

- The simulation depicts a particular organization with its own challenges, opportunities, and culture.
 - Similarities between this organization and yours point to lessons that can transfer to your situation.
 - Differences highlight the importance of diagnosing new situations before jumping to action.
- The overriding lesson of the simulation
 - Do a systematic diagnosis
 - Develop detailed plan for change process
 - Executive persistently
 - Manage resistance