

# FIFTEEN

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## Leading Organization Change

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As noted and documented in the previous chapter, leadership matters. Evidence shows that leaders can hurt an organization badly or even destroy it completely. The Enron case is clearly a significant example. Evidence also shows that leaders can measurably help their organizations and can add value. Examples of change leaders who made positive differences for their organizations are described in this chapter. Also described and what serves as the structure for the chapter is a simple phase model for planning and leading organization change. The purposes of this chapter, therefore, are to (1) provide a framework, a phase model, for planning and leading change; (2) describe actual case examples of organization change emphasizing the leader's role; and (3) suggest with the model and case examples that large-scale transformations of organizations, although fraught with potential peril, can indeed be accomplished.

### Phases of Organization Change and the Leader's Role

The following descriptions of *how* to bring about organization change are derived from theoretical ideas and from experience in consulting with CEOs who were serving as change agents. What follows is written in a prescriptive fashion for the sake of clarity. Caveats are therefore not presented.

An interesting paradox about organization change, as noted in Chapter 2, is that we plan as if the process is linear when, in reality, it is anything but

linear. It is useful, nevertheless, to think about the planning process in terms of phases. After all, phases are not totally discrete; they overlap. But we must bear in mind that as planned organization change is implemented, (1) more than one phase occurs at the same time (that is, they are not temporally mutually exclusive) and (2) contingency plans need to be in place, because rarely does anything turn out as planned. Unanticipated consequences occur. It's not possible to think of everything!

## The Prelaunch Phase

### Leader Self-Examination

Leadership is personal. The process concerns the use of self, how to be persuasive, how to deal with resistance, and how to be political, in the best sense of the phrase: how to embody the vision of where one wants the organization to go. It is important, therefore, for the leader who is about to begin a significant change effort to take some time at the outset to reflect. This reflection can be considered in three categories: self-awareness, motives, and values.

**Self-Awareness.** There is growing evidence that self-awareness is related to performance; that is, high performers tend to have a greater overlap between how they see themselves and how others see them than do moderate and low performers (Atwater & Yammarino, 1992; Church, 1997). It behooves leaders who want to bring about a successful change effort to be as cognizant as possible of themselves in personal domains such as the following:

- Tolerance for ambiguity: The courses that organization change will take are not exactly predictable; being able to live with this kind of ambiguity is important.
- Need for control: It is difficult to be a “control freak” and lead change effectively; organization change is messy, sometimes chaotic, and seemingly out of control; thus, being clear about what one can control and needs to control and what one is not likely to be able to control is critical.
- Understanding how feelings affect behavior: What is one's typical reaction when others disagree or challenge or when others resist the change that the leader feels strongly about? Knowing oneself

in these ways helps the leader manage himself or herself more effectively, especially in trying circumstances.

- **Personal dispositions:** Most people know whether their preference is extroversion or introversion, but what about other dimensions, such as need for closure and intuition compared with sensing? (These are components of the Myers-Briggs Type Indicator [MBTI] measure, based on Jung's personality theory.) There is some evidence, for example, that intuition (trusting one's hunches, future orientation, and conceptual tendency) is more related to leader behavior than is sensing (being fact-based, concrete, and practical); see, for example, Van Eron and Burke (1992). When the MBTI was used with the top team of a large global corporation a few years ago, 9 of the 11 scored intuitive, including the CEO. For a brief account of this team-building activity, see Burke and Noumair (2002).
- **Decision making:** It is highly valuable to understand the differences between times when one as a leader needs to take the reins and decide and times when one needs to loosen control and involve others as a part of self-knowledge.

Additional examples could be catalogued here, but the point was to give a flavor of some of the more important aspects of self-awareness for leadership purposes, not to provide an exhaustive list.

**Motives.** Knowing one's motives is of course a part of self-awareness, but for this section, the emphasis is on which motives are the more important ones for leading change.

O'Toole (1999), one of our paramount thinkers and writers in the arena of organization change, makes the interesting point that ambition is the "only inherent character trait [that] is essential for effective leadership" (p. 1). This word, for some, maybe most people, conjures up negative feelings. An ambitious person, especially one with high ambition, is to be avoided. But O'Toole argued that a certain amount of ambition is good. O'Toole used the words "appropriately ambitious." As he stated, "even the saintly Mohandas K. Gandhi had ambition" (p. 2). Gandhi admitted it himself. So let us agree with O'Toole that having the appropriate amount of ambition is not only a good quality but may also indeed be a necessary motive for effective organization change leadership. Of course, the important issue here is, what is appropriate? O'Toole did not define *appropriate*, but he stated that the change leader needs to have a "healthy

dissatisfaction with the status quo" (p. 2) and then change it. He also points to the importance of having this ambition in the service of an organization change goal. In a sense, then, he was agreeing with Zaleznik's (1977) idea that a leader is one who experiences no difference between personal goals and those of the organization.

Using McClelland's (1965, 1975) three major motives—need for achievement, power, and affiliation—as discussion points, we can probably agree, first, that having at least a moderate (if not high) need to achieve is critical to success as a leader of change. Second, McClelland's need-for-power concept is not unlike O'Toole's notion of ambition. In this case, a certain amount of need for power would seem to be necessary for change leadership. If one does not want to influence others, one is not likely to be very effective at it. The McClelland and Burnham (1976) study puts the need for power into context. Using subordinates' ratings of their organization's degree of clarity and amount of team spirit as indices of successful management, McClelland and Burnham found that if a manager was high in power motivation, low in need for affiliation, and high in inhibition (that is, the power need was socialized, mature, and not expressed for self-aggrandizement), the organization's degree of clarity was greater (subordinates knew the goals and what was expected of them) and the team spirit was higher.

There are good reasons for this. Managers who have a high need for affiliation usually want to be liked and to be popular. As a result, their decision making tends to be impulsive, done to please someone at the moment rather than in rational support of the overall good of the organization. Managers with a high need for power that is personally oriented are not builders of the institution, according to McClelland and Burnham (1976). They tend to demand personal loyalty from their subordinates—loyalty to them as individuals rather than to the organization. The institutional managers are the most successful because they encourage loyalty to the institution rather than to themselves. As a result, the successful manager creates a climate with clarity, team spirit, and opportunities for accomplishment.

The profile of the desirable institutional manager thus has three major elements: high need for power, low need for affiliation, and high inhibition. In addition, successful institutional managers like organizations and are oriented toward them. They typically join more organizations and feel greater responsibility for developing them than others. They enjoy work, they like the discipline of work, and they have a preference for getting

things done in an orderly fashion. They place the good of the organization above self-interest. They are judicious; that is, they have a strong sense of fairness. They are generally more mature, less ego-centered, and less defensive. They are also more willing to seek advice from experts, and they have a longer and broader vision of the future.

Finally, McClelland and Burnham (1976) pointed out that successful managers tend to have a style of management characterized by participative and coaching behavior; that is, they are concerned with the needs and development of their subordinates. In summary, according to McClelland and Burnham:

The general conclusion of these studies is that the top manager of a company must possess a high need for power, that is, a concern for influencing people. However, this need must be disciplined and controlled so that it is directed toward the benefit of the institution as a whole and not toward the manager's personal aggrandizement. Moreover, the top manager's need for power ought to be greater than his need for being liked by people. (p. 101)

Finally, effective change leaders need to have an above-average level of energy and be capable of (1) working long hours when needed, (2) interacting with lots of people, and (3) energizing others. Of the thousands of citations in Stodgill's (1974) and, later, Bass's (1990) handbook on leadership, one of the few consistent findings was that effective leaders are typically high-energy people.

**Values.** As noted with the explanation of the Burke–Litwin model in Chapter 10, the alignment of individual needs and values with the organization's culture (norms and values) is likely to enhance motivation and in turn performance. This alignment is all the more important for the CEO and other change leaders in the organization. But what if we are attempting to change the culture? Then, it is a matter of modifying current values or establishing an entirely new set of values. Establishing these values to undergird and provide direction for the change effort is the responsibility of the CEO–change leader. Not that the values need to come directly from the CEO; the establishing process can involve many people. But in the end, the values must be compatible with the CEO's personal values, because he or she must embody them and live them daily in the organization. In the Dime Bancorp case summarized in Chapter 11, it was a matter

of establishing new values (drawn from the mission statement). An internal Dime task force did the work of drafting the new mission statement, but the CEO, Larry Toal, was highly involved. He attended many of the meetings and in the end was committed to the mission statement, and because the new values were elicited from the mission statement, Toal's commitment to the values was easily achieved.

In another merger, that of SmithKline Beecham, values were created to help establish the new culture, as with Dime. In this case, the top team of the global company initiated the work of establishing the values. Bob Bauman, CEO of the newly merged company (SmithKline from the United States and Beecham from the United Kingdom) at the time, 1989, described in his own words the value-generation process:

So the executive committee and I went away again, this time to define the values that would make up that culture. Obviously, there were certain values that were critical to our company. Innovation, for example, was critical. We didn't have much trouble getting people to agree on that. . . . There was no disagreement that customers were critical and that our customer base was changing. . . . HMOs were coming in, which brought up the question, "Who's the buyer now, the HMO or the doctor?" and "How do we bridge this gap?" So we knew we had to start thinking more about customers and had to do a better job—not just in providing good drugs but also in how we managed and serviced our customers.

We extended our discussion of customers incidentally to include not just the outside world but also our own organization. Because we thought it important to say that everyone in the company has a customer. I had a customer on the Board. I had customers in dealing with members of the executive committee. We agreed that people on the manufacturing line, in R&D—people everywhere inside the company—had customers. . . . Another value we believed in was winning. We wanted to create a winning attitude inside the company, so we thought performance was important. And there was some feeling in our early discussions that we weren't driving as hard in the area of performance as we needed to. . . . We agreed we wanted to be winners and perform better than our competitors. . . . Another value that was clearly agreed to but harder to articulate was people. We knew we had to have the best people we could find and

that they were key to our competitive advantage. So as part of articulating this value, we emphasized that people needed to contribute to the goals of the organization; we wanted to give everyone a chance to influence and participate in how work was done and how it got measured. And we wanted people to feel ownership for continuously improving the ways they worked on the job.

Finally we agreed to the value of integrity. It's something we felt we possessed and that was important to the nature of our industry. We felt five values was the right number. We believed that if we got too many it would be very hard to drive them all through the organization. (Burke & Trahan, 2000, pp. 64–66)

The Dime example was a bottom-up process of determining mission and values, whereas the SmithKline Beecham case was more top-down. Both worked because each organization operationalized its set of values by putting them into behavioral language and then building a multirater feedback program so that all key managers received feedback on behaviors that reflected the values. For more detail on the SmithKline Beecham example, see Bauman, Jackson, and Lawrence (1997); Burke (2000b); Burke and Jackson (1991); and Wendt (1993).

## The External Environment

Another critical element of the prelaunch phase is for the CEO and other top leaders in the organization to monitor and gather as much information about their organization's external environment as possible. This includes information such as changing customer needs, changing technology in one's industry, changing government regulations, what competitors are up to, and what is occurring in the general economy both domestically and worldwide. And according to strategy guru Michael Porter (1985), it also includes understanding the bargaining power of customers, suppliers, and unions, and threats of (1) new entrants into the marketplace and (2) substitute products or services. The CEO and his or her team must then determine how to respond to what the environment is telling them and how to establish a more effective alignment for their organization.

This prelaunch activity conforms, of course, to (1) the reality that for their survival, organizations are dependent on their external environment

and (2) the theoretical principles of open-system theory. Moreover, organization change occurs primarily as a reaction to some change in the environment. Rarely, if ever, do board members, CEOs, and their executive colleagues sit around a boardroom table together and decide to change the organization without regard to the organization's position in or degree of alignment within its external environment. Reading that environment accurately and reacting accordingly is indispensable.

Several decades ago, in their classic paper on the causal texture of organizational environments, Emery and Trist (1965) discussed four kinds of environment for organizations:

1. Placid, randomized
2. Placid, clustered
3. Disturbed, reactive
4. Turbulent fields

They stated that the world seemed to be moving more toward the turbulent type. They were quite correct, of course; today, most organizational environments are turbulent. Their point further stressed the importance of reading the environment as accurately as possible so that timely and appropriate organizational responses could be made to ensure survival.

The CEO-change leader's responsibility here is to prepare for organization change as thoroughly as possible, by taking the time and expending the effort to gather environmental information carefully and accurately and then to analyze this information before jumping into the change process too quickly. Impulsive behavior by the CEO at this stage of the change process is to be avoided, if not at all other stages as well.

### Establishing the Need for Change

If people in the organization see or feel no need for change, they are not likely to embrace the idea. CEOs and other senior executives are often in a better position to monitor the external environment and therefore are likely to see the need for change sooner and more clearly than the majority of organizational members. They are often in a better position, but not always. Technical people down in the organization may see a technological change coming before senior management does. Often,

the sales force and others in the organization who have direct contact with customers see a need to serve them differently before senior management does. Regardless of where the awareness of a need for change originates, it remains the CEO's responsibility to communicate that need to organizational members. And the communication must be convincing. An example helps clarify these points.

British Aerospace (BAe), a multibillion-dollar aircraft and defense industry enterprise, was formed in 1977 by putting together six defense and aerospace organizations under one corporate roof. The firm at that time was a government-owned company, but 2 years later, Prime Minister Margaret Thatcher declared that BAe would become a private, stock-owned corporation, as she later did with British Airways (BA) and other nationalized industries during the 1980s. BAe was Thatcher's first nationalized company to become privatized. In a sense, BAe was a holding company with six previously autonomous organizations, which had rich histories dating back to World War II and before and possessed quite different corporate cultures. Richard Evans (now Sir Richard), having grown up in one of the six firms of the British aircraft corporation, became CEO on New Year's Day, 1990. He inherited six baronies, each of which viewed itself with considerable pride. After all, "that beautiful bird," as Evans called the Concorde, came from the earlier parts of BAe, as did other highly regarded aircraft (e.g., the Comet, the world's first commercial jet) and sophisticated defense weaponry. Also, by 1990, BAe had a number of joint ventures with French and German companies in the manufacture of the Airbus commercial aircraft. So Evans took over a healthy organization from the standpoint of sales, profit, and future customer orders.

One year later, however, things were considerably worse. The stock price had plummeted, orders were down (after all, the Cold War was over), and capital, especially cash, was badly needed. Evans began to cut costs—he laid off thousands of employees, for example—to divest of some of the businesses, and began to take severe write-offs. Productivity and innovation remained strong, at least in most of the former six companies, and there were many talented people in the ranks. But for some reason, these strengths could not be fully realized.

Monitoring BAe's external environment, Evans saw three large "blips on the radar," as he called them. One came from Boeing, a major competitor. They produced a new version of their 737 that was superior to the Airbus, at least at that time. A second blip was the fact that the capacity of European aerospace and defense firms far exceeded demand. And finally,

there was the abysmal performance of BAe's shares on the stock market. These "blips" caused Evans to act yet again; he believed this time that a significant change needed to occur within the company to respond effectively. There were other needs for change as well, for example, correcting the silo effect of the six baronies that made up BAe. Evans believed that a major culture change was the right action to take. To use Gersick's (1991) language, change in the "deep structure" of BAe was in order. To use Evans's words:

Why did I think that a culture change was the answer? There were of course many operating and strategic fixes that we could do (and did) to improve our competitive standing and our share price. But when you added all these up, and when you looked at the competitive abilities of rivals, there was a shortfall. I couldn't quantify it. I simply had a gut feeling, a conviction that the underlying reason for our deficiencies lay in the culture of the company. (Evans & Price, 1999, p. 10)

The new culture desired was one that would integrate the various businesses so that, for example, consistent, common approaches could be taken across the corporation. Another change objective was to lessen the rivalries that existed among the former six companies.

So relying on the wisdom and experience of his new nonexecutive chairman of the board, Bob Bauman, who knew a thing or two about large-scale organization change (recall that he had led the merger of SmithKline Beecham a few years earlier), and the expertise of external consultants, Evans launched the change effort. Working with his top 100 or so executives, Evans's initial work was on crafting a new mission statement with an appropriate list of corporate values. This early work went fairly well, but some of the executives were simply not convinced that all this effort and the occasional angst were worth it. Many of them had been through "culture change" before. Again, to quote Evans:

In the eyes of many of BAe's top managers, the lack of a "burning platform" weakened my argument that change was urgently needed. How could I make them see that the present good times were not symptomatic of the way things would be five years hence? The easier way was to present them with scenarios of likely futures. For this job I turned to one of our top line executives, John Weston,

then managing director of Military Aircraft, now my successor as Chief Executive. I seconded him from his regular duties and gave him *carte blanche* to analyze the company from end to end and then report his findings.

With characteristic thoroughness, John documented “The Case for Change.” His report probed every single part of the business, its macroeconomic environment, its competitive structure, the state of technology, and so forth. Time and again he documented a stark conclusion: Our business units’ rate of progress and future prospects of performance gains were inadequate, given the emergent threats in the external environment. What’s more, even if we took a whip to them to urge them to improve sales and profits and squeeze the cash flow, any conceivable improvement would not change the analysis substantially. At the end of the day, BAe would be trailing and not setting the industry tempo.

Because John Weston was the divisional head of our largest and most profitable business unit, his call to action could not easily be dismissed. If he saw the writing on the wall, so might everyone else. “We wanted to give them the macroeconomic and geopolitical picture right between the eyes. The paradigm for defence and aerospace markets was changing dramatically, and we had to learn superior skills and ways of reacting,” says Weston. (Evans & Price, 1999, p. 17)

The case was indeed made and the culture change at BAe went forth. The rest is history. Later, BAe became quite successful, its stock price more than triple what it had been in 1993. One of its major products, the Airbus, became a formidable competitor with Boeing. Moreover, Evans was knighted in 1996 for his role as CEO in the turnaround of BAe. For the full story of how a CEO may make the case for change and other aspects of successful organization change, see Evans and Price (1999) and Chapter 9 in Burke and Trahan (2000).

## Providing Clarity of Vision and Direction

The final point of the prelaunch phase is to craft a vision statement and, in so doing, to provide clear direction for the organization change effort. One of the best statements about vision has been articulated by James O’Toole (1999):

A robust vision mobilizes appropriate behavior. It uses memorable, simple concepts that make clear what needs to be different about tomorrow. It describes the distinctive competencies needed to deliver on the desired end state (for example, “Here’s what we have to do differently in order to succeed”). Often, a vision will make choices clear by making the case for change as either an opportunity or a burning platform (for example, “If we don’t change in this way, the company won’t survive”). That’s not asking much, is it?

Leaders don’t even have to create visions themselves (although many do). But, at a minimum, they must initiate a process for developing a vision and then engage themselves fully in generating buy-in. Shared commitment to a vision can be built either through wide-scale participation in the act of its creation or through involvement immediately thereafter in its dissemination. . . . We’re not talking quantum mechanics here. This is simple stuff—so simple that many leaders gloss over the basics. For example, by definition, vision has to do with “seeing, sight, and sensing with the eyes.” Recognizing that simple fact, effective leaders make their visions, well, visual. Remember Ronald Reagan’s budget message when he explained that a trillion bucks amounts to a stack of dough as high as the Empire State building? By using that visual reference, he got Americans to see that federal spending amounts to real money! In doing so, he changed the terms of the national debate and, for the first time, created a majority in support of lower taxes. It was his most effective moment as a leader. (pp. 302–303)

Perhaps the paramount vision statement was delivered by Martin Luther King Jr. in his “I have a dream” speech on the steps of the Lincoln Memorial. He used striking imagery—for example, of children holding hands—that his listeners could “see.” The following are short examples of vision and direction provided by change leaders who have been referenced already:

- At the time of the SmithKline Beecham merger, chairman of the board Henry Wendt’s (1993) conceptualization of what a truly global corporation looks like and his and CEO Bob Bauman’s crafting of “The Promise” (the merged company’s mission statement) provided both the vision and the mission for the future. Their clarity of direction was critical to the success of the change that was, at the

time, the largest cross-border merger ever. For the full story, see Bauman et al. (1997), Burke (2000b), and Chapter 4 in Burke and Trahan (2000).

- At BA, it was Colin Marshall's clear emphasis on what the new culture should be—one that was customer focused and market driven—that provided the necessary vision for what needed to be reached.
- At Dime Bancorp (see Chapter 5), it was the newly crafted mission statement.
- At British Aerospace, it was Dick Evans's resolve to see that a mission and vision statement was crafted by the top 100 executives that set the stage for organization change. As O'Toole (1999) noted, the CEO may not write the vision and mission statement himself or herself, but the responsibility for seeing that the job is done is clearly the CEO's. The way Evans did it took time, to be sure, but "at the end of the day," as the British are fond of saying, he had commitment.

By way of a quick summary, recall that in the description of the Burke-Litwin model in Chapter 10, a distinction was made between mission and vision, with vision being associated more with the leadership box or model category. But it is the change leader's or CEO's responsibility to see that both mission and vision are crafted, because both set the tone and the clarity of direction. Without direction, both in terms of who we are and who we want to be in the future, desired organization change will not occur.

## The Launch Phase

### Communicating the Need

Usually, the CEO is the one who delivers the message about the need for change—but not always. In the BAe example, Dick Evans called on his number two person, John Weston, to deliver the case for change. He made this decision for at least two reasons. First, he had already launched the organization change by involving the top 100 executives in the crafting of a new corporate mission statement and in making the choices of values for the corporation as a whole. Although these executives did the work he asked them to, Evans was not convinced that their hearts were in it. And besides, some of them seriously questioned the whole process. In other words, Evans wasn't certain that his credibility as the change leader was as solid as it needed to be. Moreover, some of his executives had been

through culture change in their respective businesses and were not exactly sanguine about going through the whole process again unless there was a compelling reason to do so.

Second, in making the case for change and communicating the message, Evans believed that Weston would have more credibility because, unlike Evans, who came from marketing and sales, he was an engineer and a “numbers guy,” as were many of the BAe executives. It would be abundantly clear that Weston had done his homework and knew what he was talking about. This decision by Evans did indeed work, and the buy-in for the organization change began to emerge. The point is that although the CEO does not necessarily have to be the message deliverer, seeing that the delivery occurs, especially by another change-leader colleague, is nevertheless his or her responsibility.

In the BA case, it was Colin Marshall, the CEO, who delivered the message. In fact, he delivered it again and again, making certain that he came across as consistent with the message each time he gave it and that he was absolutely serious and committed.

### Initial Activities

A significant activity to conduct at the outset of organization change is an event that will capture attention, provide focus, and create the reality that the change effort now launched is not merely an exercise. A quote from Marshall, of BA, gives first his rationale and then an example of an initial activity:

But to get people to work in new ways, we needed a major change in the company's culture. That meant refocusing everyone on the customer, on the marketplace, and away from the exclusively engineering and operations focus we'd had. That had to be done, of course, without sacrificing safety, technical, or maintenance standards. And that proved tricky. People had difficulty understanding why I kept hammering away at the need to focus on customers while also saying, “We've got to fly these aircraft at a very high technical standard, too.” The focus before had always been on the technical side alone, but I made the point repeatedly that we had to do both. It was at this point that we saw the explicit need for a culture-change program. . . . The first thing we did was to launch a program called “Putting People First” . . . a two-day seminar. We took roughly 150 employees at a

time and drew people from various departments within BA and from various geographical areas. The program focused on how one creates better relationships with people, with one's fellow employees, with customers, even with members of one's own family. (Burke & Trahan, 2000, p. 95)

Another example comes from a venerable British organization, the BBC. John Birt, the CEO ("director general" is the proper title), authorized a 1-day workshop on "Extending Choice," the new mission and vision for the corporation. The day was devoted to, first, an overview and explanation of extending choice, and second, to small-group meetings so questions could be raised and discussions could be held about how this new "extended" mission affected each of them in their respective roles.

At BAE, the initial activity, as noted, was the off-site meetings of the top 100 executives to craft the corporate mission statement and choose the values.

At SmithKline Beecham, the initial activity to help shape the newly merged culture for the CEO, Bob Bauman, and the 10 executives directly reporting to him was working on the mission and value decisions and team building. The team building at the top had two purposes: to get this top group to work together more effectively and, perhaps more important, to serve as role models for the rest of the global corporation. Part of the team-building process was (1) use of the MBTI to help the executives learn about their own and their colleagues' communicating, information-processing, and decision-making preferences and (2) participation in a multirater feedback process on leadership practices to obtain a clearer understanding of how their self-perceptions of their leadership compared with the perceptions of others, particularly peers and those directly reporting to them. Subsequently, both the MBTI and the multirater feedback process permeated the entire managerial population of the company.

Finally, at Dime Bancorp, the initial activities that launched the organization change (a result of a merger; see Chapter 5) consisted of (1) establishing a task force of 15 people who represented all business units and all levels in the hierarchy to draft a new corporate mission statement, (2) determining a new business strategy led by the CEO, and (3) team building for the newly formed top team.

It should be obvious from these examples that the early activity of organization change can take a variety of forms. The point is that a

focused symbolic and energizing event (or multiple events occurring at about the same time) is a highly useful way of launching large-scale and planned organization change.

## Dealing With Resistance

Recall that in Chapter 6, organization change was considered at three levels: individual, group, and the larger system, and the nature of resistance to change at each of these levels was discussed. The prudent change leader will be well aware of the nature of resistance to change and the forms that resistance behavior can take at each organizational level. Recall further that at the individual level, it is important that the change leader be wary of imposing change on people and find ways for organizational members to have choice and be as involved in the process as possible. Also, the change leader needs to differentiate among the various types of resistance—blind, ideological, and political—so as to respond to and interact with people in the organization appropriately.

At the group level, recall that protecting one's turf, closing ranks, and demanding a new structure or leadership can be common forms of resistance. Organizing activities in a group setting to achieve closure with the past (e.g., having a symbolic funeral) can help in dealing with resistance. Also, recomposing a group with new membership can help and, of course, so can any activity that involves people in key decision making. For example, a highly influential group early in the merger process of SmithKline Beecham was the "merger management committee." Selected by the CEO, this group had the responsibility of selecting who the executives would be for the key positions in the corporation, and the rule instituted by Bauman, the CEO, that no member of the committee could be named for any of these executive jobs was unique. Objectivity was therefore more assured in the decisions of who was selected. Even though none of these committee members could have any of the plum positions they were working with, they were highly motivated and strongly committed to the task. After all, they were involved in an activity that would have far-reaching effects on the corporation. A delayed reward for these members was Bauman's making certain that they were eventually placed in important roles and positions for the corporation. The purpose of this brief case was to provide an example of how to involve people in the change process.

At the larger-system level, recall that resistance can take the form of "This too shall pass"—that is, "We've seen this kind of initiative, or fad,

before and it won't last this time, either." Also, there are diversionary tactics—for example, "Other mainstream business needs are far more important than this change thing." It was suggested earlier that coping with these forms of resistance might involve making a compelling case for the change (as in the BAe example) and exerting strong leadership—not in a dictatorial way but leading with persistence and clarity of direction, passion, and vision, a point to be emphasized in the next section.

### Postlaunch: Further Implementation

Once the organization change has been launched, it becomes quickly apparent to the change leader that so-called change management is an oxymoron. This particular phase of organization change—postlaunch—is difficult for many CEOs. After all, they typically have control needs that are considerably above average, and now matters seem out of control. CEOs can easily experience feelings of (1) anxiety ("What have we unleashed here?") and (2) ambivalence in decision making; some organizational members feel the excitement of change unleashed and want to run free, whereas others are asking for the CEO to step in and exercise control, usually taking the form of a cry for structure ("What's my new job?" "Who will be my boss?"). When control needs are aroused by such pleas for structure, many CEOs will want to step in and establish the new order. Because followers are asking for an antidote for all this uncertainty, the advice of Ronald Heifetz (1994) is most appropriate. In essence, he suggested three actions. First, to hold the collective feet to the fire, that is, to be persistent about what it is going to take to make the change successful (e.g., living with ambiguity about exactly how everything is going to work out). Second, draw the system out of its comfort zone but attempt to contain the associated stress so it does not become dysfunctional (recall the work of Bridges, 1986; see Chapter 6). Third, deal with avoidance mechanisms that usually emerge during this time, such as blaming, scapegoating, and appealing to authority figures for answers.

During the postlaunch phase, it may also seem to the change leader that the process has taken on a life of its own. In fact, theory associated with living systems holds that when disturbance occurs (the launch phase), "the components of living systems self-organize and new forms and repertoires emerge from the turmoil" (Pascale, Milleman, & Gioja, 2000, p. 6). The CEO-change agent must persevere but be patient at the

same time so that creativity and innovation “can do their work” or “magic,” as some might call it, and allow for new forms to emerge. “New forms” may mean any number of things, including new ways of doing work; different values; new structures, products, services, or business lines; getting into, if not establishing, new markets; acquiring a business never considered before; and so on.

Some more specific actions need to be considered for this postlaunch change implementation phase as the change leader begins to deal with (1) his or her feelings of both excitement and anxiety, (2) follower behaviors of all varieties, and (3) seeming disorder. Though not exhaustive, the following five points are some key actions change leaders need to bear in mind.

### Multiple Leverage

In large organizations particularly, change is too complicated for one action (intervention) to do the job. Many managers believe, for example, that changing the organizational structure will suffice. In a study of organization change some years ago, failure was most often associated with change of structure when that was essentially all that occurred (Burke, Clark, & Koopman, 1984). Moreover, in recent coverage of seven case studies of successful organization change, two of the summary points that are relevant here were as follows:

- Time and again, these cases illustrate the absolute necessity of strong leadership for change to occur. We see change leaders in living color here. There is no substitute for visionary leadership in times of change. By definition, if there is leadership, there are followers.
- In addition to demonstrating how the phases of organization change work, all these cases show the deployment of multiple interventions. True organization change is too complicated for one intervention. Multiple sources of influence are required. (Burke, 2000a, pp. 9–10)

Examples of levers for change from these case studies included process reengineering, crafting mission statements, developing a new process of supply-chain management, training and development, crafting corporate values and leadership behaviors that were manifestations of the values, implementing a new pay-for-performance system, developing a “safety”

culture, changing a plant in a chemical company, team building, and establishing self-directed work groups.

## Taking the Heat

When organization change is launched, it is safe to say that not everyone will be happy with the idea. In fact, some may be quite upset and angry, looking for a target, a person or a group to blame “for this mess we’re about to get ourselves into.” The change leader is the most obvious target. Recently, a college president who had launched an organization change 5 years earlier sat through two meetings with full professors, listening to—and absorbing—their wrath about how poorly the change had been led and why it was such a stupid idea in the first place.

Dick Evans, of BAE, described one of his heat-receiving episodes this way:

But I got a lot of pushback from people. People asked, “Why do we need to do this? We’re operating perfectly well. We all have big change programs to deal with in our own businesses. Why do we need to do all this other stuff?” Many seriously thought and believed that I had some sort of hidden agenda and simply wanted to be told what to do so they could go away and do it. (Burke & Trahan, 2000, p. 146)

Pushback, as Evans and Price (1999) described it, is to be expected—not from everyone, perhaps only a minority, but heat is generated nevertheless, especially if those who are pushing back are opinion leaders in the organization. These are the times when the change leader must use as much self-control as she or he can muster, working hard (1) to listen, (2) not to be defensive, and (3) to display the patience of Job.

## Consistency

During the early days of change, the change leader’s behavior is scrutinized by followers. Does the change leader really mean it? Is this for real? Or is this initiative like all the rest, just another fad that will soon pass? In a recent change at a large nonprofit organization, the most frequently asked question by followers in the hallways or at lunch has been, “Does he (the change leader) really mean it?” This is, of course, a question about

consistency and perseverance (see the next section). The point here is trust. Can we (followers) trust the leader? Trusting the leader, of course, means believing that he or she is open and honest and tells the truth.

Behaviorally, what may be even more important to followers is the extent to which the leader's behavior matches her or his words. This is the essence of consistency in an organization change effort—despite Ralph Waldo Emerson's derogatory comment about consistency, to wit, "A foolish consistency is the hobgoblin of little minds adored by little statesmen and philosophers and divines." The key to this quote, however, is Emerson's adjective *foolish*, and consistency of word and deed by the change leader in the organization's change process is anything but foolish.

## Perseverance

"Staying the course" is essentially what is meant by this term. Many potential change leaders falter when the going gets tough. A whimsical but illustrative comparison is that organization change is like losing weight. The first 5 or 10 pounds are easy, but the next 5 or 10 are much, much tougher. The early days of organization change, compared with later, are easy. People are excited and say things like, "Finally, things are going to get better around here." But a year later, the change effort may have bogged down, the excitement is gone, and fatigue has set in. This is the time for considerable perseverance on the part of the change leader. Perhaps the master of perseverance was Colin Marshall, at BA. Here's a perfect example, in his own words:

I made a particular point of attending every one of these "Managing People First" sessions. I spent two to three hours with each group. I talked with people about our goals, our thoughts for the future. I got people's input about what we needed to do to improve our services and operations. The whole thing proved to be a very useful and productive dialogue. We found it so valuable, in fact, that in cases when I was away, we offered people the opportunity to come back and have a follow-up session with me. So I really did talk to all 110 groups in that five-year period. (Burke & Trahan, 2000, p. 99)

A part of leadership in an organization change effort, then, is to stay the course, to continue to encourage people, to exude energy and enthusiasm

for continuing down the change path, and to find ways to continue communicating the message.

## Repeating the Message

First, what is it that you repeat? The message is the vision and mission, but to be most effective, a story needs to be told that incorporates the vision and mission and values. The work of Howard Gardner (1995), summarized in the previous chapter, is decidedly helpful in this regard. He deliberately uses the term *story* or *narrative* instead of *message* or *theme*, because, as he states, he wants to accomplish the following:

To call attention to the fact that leaders present a dynamic perspective to their followers: not just a headline or snapshot, but a drama that unfolds over time, in which they—leaders and followers—are the principal characters or heroes. Together they embarked on a journey in pursuit of certain goals, and along the way and into the future, they can expect to encounter certain obstacles or resistances that must be overcome. . . . The most basic story has to do with issues of identity. And so it is the leader who succeeds in conveying a new version of a given group's story who is likely to be effective. Effectiveness here involves fit—the story needs to make sense to audience members at this particular historical moment, in terms of where they have been and where they would like to go. (p. 14)

The change leader tells the story time and again, because people need to be reminded of what it is we are doing—and why. In addition to the reminding, it is critical that the change leader tell the story to followers in person, face-to-face, not over the web, in a video, on a written document, or on a CD-ROM. Why? Dialogue with followers is essential. Questions need to be answered or at least responded to, and nuances may need elaboration. In the SmithKline Beecham merger, Henry Wendt, the chairman, and Bob Bauman, the CEO, traveled all over the world meeting with employees face-to-face to tell their story, which was the SmithKline Beecham “Promise”: the company's promises to customers, employees, and stockholders.

Another example of a change leader's telling the story personally—face-to-face, to 5,000 people—is the case of Roger Goldman, who turned

around a retail banking situation that was not only in the red but overall moribund in its performance. In his words:

I went on the road for a year to explain my vision of the bank to over 5,000 people in 800 profit centers and support offices. I did this to get people's support and to explain what we needed them to do if we were to be successful. In our case, it was about serving customers, communities, and our fellow employees. "Everyone has to give 110 percent," I told employees. "We're going to reinvent people's jobs and hold everybody more accountable for results." (Burke & Trahan, 2000, p. 193)

By way of summary, consider the wonderful children's television show *Blue's Clues*. The same episode is repeated four times after the initial presentation on Monday of each week. The creators of this program have discovered that for the 4- or 5-year-old, repetition is critical for learning. By Friday, the child "gets it." To learn something, adults in organizations may not need four iterations. Actually, they may need more! The point is this: Organization change, with all its complexities and nuances, needs to have focus, proper emphases on priorities, and explanation, particularly of "why we are doing these highly disruptive activities." Repeating this story time and again (message/vision/mission) is one of the most important functions of the change leaders.

Finally, we shall conclude this section on further implementation, the postlaunch phase, with a cautionary note from Dick Evans, CEO of BAe:

One danger that besets change programmes is the curse of superficiality, or too much faith in the power of positive thinking. One day top management says, "Let's have a change programme." And after cranking out mission and vision statements, backed with a heavy communications programme, hey presto, they've done it. What are omitted from these narratives are the tensions, ambiguities, conflicts, and frustrations that inevitably arise in the implementation phase. These difficulties get swept under the rug, only to return later—most likely in a more virulent form. (Evans & Price, 1999, p. 16)

To mitigate the danger that Evans emphasizes, change leaders need to use multiple levers for the transformation, take the heat from followers

from time to time, provide consistency in terms of words and deeds, persevere even to the point of risking being called stubborn, and repeat the message again and again.

### Sustaining the Change

Before considering thoughts about sustaining organization change once things are fully launched and under way (such as unanticipated consequences, momentum, and further new initiatives), let us examine some recent thinking that is highly relevant and applicable. Earlier, in the section “Postlaunch: Further Implementation,” a short quote was cited from the book by Pascale et al. (2000). The overall premise of the book is that recent knowledge, particularly in the life sciences, can inform our understanding of organizations in general, and management, leadership, and organization change in particular. Their premise is quite similar to the reasoning underlying the present book. Pascale et al. made the point that so-called chaos theory is not applicable to organizations, for they are not chaotic. But organizations are complex—that is, complex adaptive systems—and what they label as “the new science of complexity” is the applicable theory. These ideas are congruent with nonlinear complex system theory, discussed in Chapter 7 and Syvanteck and Brown (2000); Gersick’s (1991) concept of deep structure; and Capra’s (1996) ideas covered in Chapter 4 of this book. Pascale and his colleagues have distilled from complexity theory and the life sciences (biology, medicine, and ecology) “four bedrock principles” (p. 6) that they consider to be applicable to organizations, especially business enterprises. These principles are as follows:

1. *Equilibrium* is a precursor to death. When a living system is in a state of equilibrium, it is less responsive to changes occurring around it. This places it at maximum risk.
2. In the face of threat, or when galvanized by a compelling opportunity, living things move toward the *edge of chaos*. This condition evokes higher levels of mutation and experimentation, and fresh new solutions are more likely to be found.
3. When this excitation takes place, the components of living systems *self-organize*, and new forms and repertoires emerge from the turmoil [referred to earlier].

4. Living systems cannot be *directed* along a linear path. Unforeseen consequences are inevitable. The challenge is to *disturb* them in a manner that approximates the desired outcome. (Pascale et al., 2000, p. 6)

These principles are useful for our thinking about the importance of sustaining an organization change effort. This thinking is organized according to four considerations: unanticipated consequences, momentum, choosing successors, and launching yet again new initiatives.

### Unanticipated Consequences

Referred to earlier in this chapter and in Chapter 2 was the paradox of planning organization change in a linear, phased way of thinking, yet realizing that the change process itself is not linear. This means that when the change is launched, equilibrium is disturbed, and seeming chaos occurs; that is, many different reactions to the disturbance happen simultaneously, and the system moves to the edge of chaos, as Pascale et al. (2000) put it. Some examples of this kind of reaction include the following: (1) different organizational units interpret the change vision and direction to fit their needs, and therefore, the implementing of their part of the change becomes different from that of all other units (this is not necessarily bad but is often unanticipated); (2) some people who were expected to resist actually embrace and become champions of the change—and vice versa; and (3) desired and expected outcomes for a part of the overall change effort simply do not occur. The scary part is going to the edge, but the main point to remember here is that living systems are quite capable of evoking new forms and solutions and of self-organizing with gradual movement (however, not linear) to a new state of equilibrium. Reaching a new state of equilibrium is essentially what Lewin (1947) meant with his third stage of organization change, refreeze (see Chapter 8). Also recall Weick and Quinn's (1999) reconceptualizing of Lewin's three-stage model, calling for unfreezing after a rebalancing to ensure innovation and finding new ways of ensuring continuous change, which is applicable to our thinking here (see Chapter 7). The point is that after a disturbance, living systems again seek equilibrium, and Pascale et al. warned that equilibrium "is a precursor to death." The important word in their phrase is *precursor*, which means that death is not necessarily immediate. There is some allowable, if not necessary, time for things to

resettle after the disturbance. But for the organization change to maintain momentum, resettlement must not be allowed to last.

## Momentum

Writing in 1991 about the successful change effort at BA, Goodstein and Burke stated:

It may be that BA's biggest problem now is not so much to manage further change as it is to manage the change that has already occurred. In other words, the people of BA have achieved significant change and success; now they must maintain what has been achieved while concentrating on continuing to be adaptable to changes in their external environment—the further deregulation of Europe, for example. Managing momentum may be more difficult than managing change. (p. 16)

A few years later, BA's performance began to deteriorate in part from the lack of maintaining sufficient momentum and in part because of Colin Marshall's successor—choosing successors being the subject of the following section.

Maintaining the change momentum is critical, because the natural movement toward equilibrium has to be countered. Finding new ways to recognize and reward change champions in the organization and celebrating achievements clearly helps maintain momentum. The broader principles, however, are as follows: To counter equilibrium, Pascale et al. (2000) state rather provocatively that two forces—the threat of death and the promise of sex—can prevail. The desire to survive is powerful. If you question this, think how difficult it is to end a committee in your organization that was supposed to be ad hoc. Darwinian principles suggest that living systems do not evolve on their own but change as they respond to forces in the external environment. Living systems that survive do so because they mutate; that is, they adapt to the changing forces in their respective environments.

To maintain momentum, then, the change leader must constantly monitor the organization's external environment, being alert to changing forces that require adaptation to ensure survival.

The "promise of sex" leads us to the third ingredient for sustaining the change effort.

## Choosing Successors

Another form for countering equilibrium is to prevent homogeneity, according to Pascale et al. (2000):

Sexual reproduction maximizes diversity. Chromosome combinations are randomly matched in variant pairings, thereby generating more permutations and variety in offspring. [This] benefits a living system [because] harmful [bacteria] find it harder to breach the diverse defenses of a population generated by sexual reproduction than the relatively uniform defenses affected [by a process such as mitosis or cloning]. (p. 29)

This principle from the science of living systems suggests that change leaders would do well to counter equilibrium and sustain the change effort by infusing “new blood” into their organizations, that is, not cloning themselves. The point is that although a complete overhaul of the people involved in the change would be absurd, having some proportion (20%? 30%?) who are new to the effort (hired from the outside or shifted over from other parts of the organization) counteracts such instances of equilibrium as tired thinking, solidified norms, and “group-think.”

One of the reasons that Colin Marshall’s successor at BA, Robert Ayling, did not succeed as CEO was that he had been with the organization for a long time and was peripheral to the change effort that had proceeded under Marshall’s leadership. In other words, Ayling was not one of the change leaders and had remained tied to the old system. Examples of effective succession include the one at BAe from Evans to Weston and the more recent change at GE from Welch to Immelt.

Much has been written about problems of succession and infusing new thinking into an organization. For an overview of some of the central issues, see Levinson (1994).

## Launching Yet Again New Initiatives

Finally, it is critical to identify and implement new initiatives that will renew organizational members’ energy, spark new ways of thinking, and continue to propel the organization further down its path of change after some unspecified time into the change effort. These new initiatives, of course, need to be in line with the original change objectives, provided the

external environment is not signaling to the organization that something more drastic needs to happen to ensure survival.

Examples of new initiatives in the service of sustaining the overall change effort might be the following:

- Acquiring another organization or business
- Creating a new business line or new product, or both
- Establishing a strategic alliance or joint venture with another organization (which might even be a competitor or former competitor)
- Starting a new program that will help improve quality and reduce costs
- Deploying current products and services into markets not yet penetrated; for example, a chemical, metal, or ceramic product that has been sold and marketed only to other businesses can be considered as a product sold directly to an individual customer

The important point is for the change leader to be clear and deliberate about disturbing the system with new initiatives so equilibrium does not take over. Incidentally, it is imperative for the change leader to cause these disturbances even if the organizational members plead for the change to come to some end point or conclusion. Conclusion needs to occur only for specific initiatives, not for the overall change process.

## Summary

To specify what leaders actually do and what they need to do as change leaders, contrasts and comparisons were made between leadership and management, and power and authority. Leadership was considered in terms of transformational (more related to organization change that is discontinuous) and transactional (more associated with continuous change).

An additional refinement of what was being considered as leadership in the previous chapter addressed the distinction of organizational levels, the point being that the executive was our primary focus. For this emphasis, the work of Zaccaro (2001) was particularly helpful. In his survey of the literature, he delineated four different yet overlapping conceptual perspectives about executive leadership: (1) conceptual complexity, having to deal with ever more complex and changing environments; (2) behavioral complexity, the leader's multiple roles in dealing with multiple constituencies; (3) strategic decision making, stressing the importance of congruence between the

organization and its environment; and (4) visionary-inspirational, emphasizing the charismatic, transformational, and visionary aspects of leadership. The point was made that what is required to be an effective change leader is highly complex and demanding; therefore, all four of these perspectives are relevant.

In this chapter the leader's role and function in organization change was specified according to four primary phases:

1. The prelaunch phase
  - Leader self-examination
  - Gathering information from the external environment
  - Establishing a need for change
  - Providing clarity of vision and direction
2. The launch phase
  - Communicating the need for change
  - Initiating key activities
  - Dealing with resistance
3. Postlaunch phase or further implementation
  - Multiple leverage
  - Taking the heat
  - Consistency
  - Perseverance
  - Repeating the message
4. Sustaining the change
  - Dealing with unanticipated consequences
  - Momentum
  - Choosing successors
  - Launching yet again new initiatives

It should be clear by now that we have attempted to address a great many interesting and complex ideas and practices about organization change. Recall Figure 2.1, which was an attempt to represent some of these complexities, with the fall-back loops symbolizing unanticipated consequences that must be addressed and corrected for the overall change effort to keep moving forward.

Perhaps it is also clear that with respect to leading organization change, this chapter has emphasized application and practice more than theory

and research. Recall that in introducing the large section “Phases of Organization Change and the Leader’s Role,” the point was made that these ideas came from theoretical concepts—for example, Lewin’s (1947) three steps of unfreeze, change, and refreeze—which have been expanded by others from consulting experience, and that caveats would not be presented. Now to a couple of caveats.

One reason for the greater emphasis on practice was to stay with the earlier promise that the latter half of this book would stress practice more than theory. A second reason for the practice emphasis is the fact that theory and research about leading organization change are rather sparse. This is why, for example, Zaccaro’s (2001) recent book was described as helpful. So if this chapter sparks some ideas for further research and theory development, I will be delighted.