

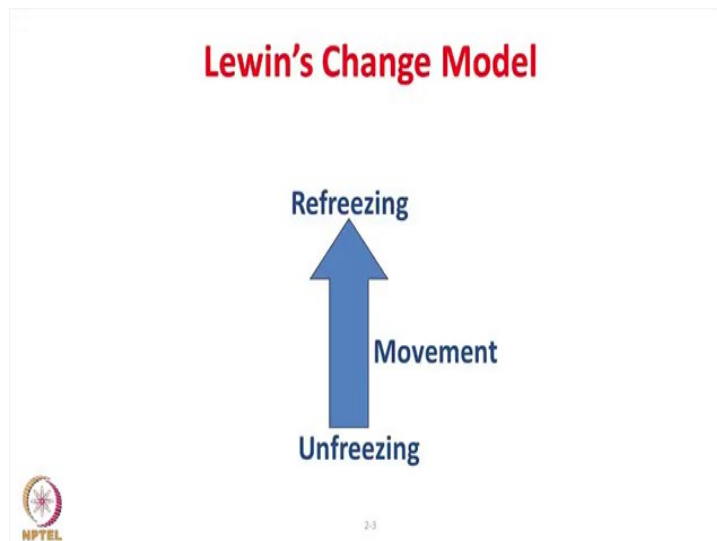
Organization Development and Change in 21st Century
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Lecture - 07
Steps in Successful Organizational Change-07

In today's class, we are going to look at the steps involved in successful change. We will examine – if there is a science behind it? Is there a pattern being followed in many successful change interventions? Across the world, many studies are being undertaken to figure out what is the core of successful organizational changes?

What we are going to discuss applies more to the organizations because the outcome of the research being conducted is in the organizational context; however, many of these steps would be relevant and some of the insights will also be applicable to societal changes as well.

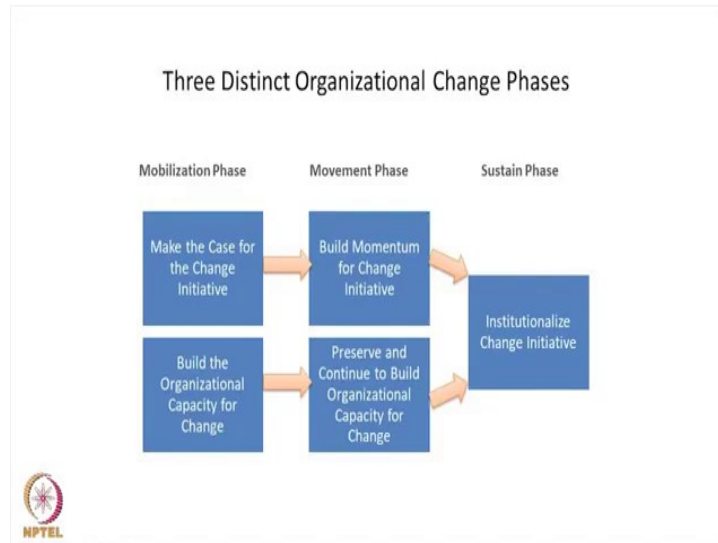
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You might remember in the previous session we talked about Lewin's change model. We discussed that Kurt Lewin was in many ways a pioneer in group dynamics and organizational psychology. He gave this famous model of unfreezing, movement, and refreezing. It is a simple and elegant model of the change process.

John Kotter; who is the professor in Harvard Business School, studied organizational change process systematically since his PhD program and based on his exhaustive study he came across three distinct organizational change phases.

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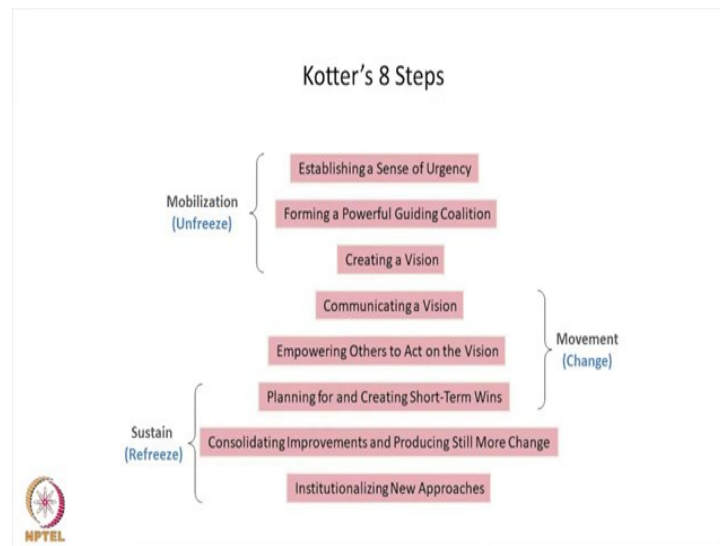
These phases correspond very well to what Kurt Lewin talked about probably 50 years ago: these are mobilizing phase, movement phase and sustain phase and they corroborate very well with unfreezing, moment and refreezing.

So, mobilization phase involves making the case for change initiative and building organizational capacity for change. Often, organizations are not able to understand, or they do not recognize the need for change. Sometimes organizations are able to recognize the need for change, they recognize the urgency of the change, but they do not invest sufficiently on building the organizational capacity for change.

An organization might have recognized the need for change, but might not be able to build the capacity to bring about that change. Both the steps are involved and are important in mobilizing phase. If we give sufficient attention to building this urgency, making the case for change initiative and building the organizational capacity that system; organizational system can move to the moment phase, that is building the moment for change initiative and continue to build organizational capacity for change.

We might build the capacity for change to initiate, but then as we go along; we need to keep building the capacity to deal with the challenges coming across in the change process. Finally, there is institutionalization of the change initiative; so this is more refined approach of the Kurt Lewin's model.

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And when it is further refined what we find is very well known in the field of organization change as the Kotter's 8 step model.

Kotter has further defined the process, further elaborated the process based on the field research. From mobilization, moment and sustained steps; of Lewin, 8 steps emerged. The first step is establishing a sense of urgency; across the organization. We need to communicate that how urgent it is to do things differently or to do different things.

No change process in the beginning can claim to have all the people convinced and contributing to the change process. Generally, the change process requires a powerful and guiding coalition because like in the product adaptation; in organizational adaptation also, we see few aligned people who are willing to take initiative and demonstrate the willingness and enthusiasm to adopt the change.

So, we need to form the guiding coalition. One person; one leader cannot ensure that organizations change, they have to have the coalition; looking at that coalition other set of people become aware and get motivated to be a part of the change process. This is

based on creating a strong vision where the job of the leader comes; A leader is a leader because he/she has a strong vision.

If you look at the Sanskrit or Hindi term for leader it is called Neta; the root of the neta is similar to the root of netrathva and netrathva is similar to the root word netr and netr means eye; that simply means leader is the one who has more capable eyes. This simply means that the leader is the one who has a broader and clearer vision. If one thing which is inevitable for a leader to bring about any changes, it is the capability to see further and clearer than others. If the person is not able to see further and clearer than others; this person cannot become leader; so that is the importance of creating vision.

Not only having vision, but communicating vision is also equally important. We see many examples where leaders communicate vision in many creative ways. For example, when the transformation process of Bank of Baroda was going on; the chairman of that time Dr. Anil Khandelwal in his town hall meetings would project the image of Bank of Baroda with the Baroda Maharaj; with the date of birth and date of demise.

Bank of Baroda which was started by Maharaja of Baroda; Maharaja of Baroda commands very deep respect and people who would be present in the town hall meetings, would recognize that they would not like to be identified as generation who caused and who was witness to the demise of the bank. That was a very strong way of communicating the vision for the change in this organization; this is a 40000 strong employees organization that also changed from very lowest quarter of performance, they moved to the highest 20, 25 percent performing public sector banks in India into 3 years time.

Empowering others to act on the vision: Leaders may have vision, they may form the coalition, but if they do not empower others, not only with the capacity, but also with the trust to make the decisions wherever and whenever required; they will not be able to work towards realizing that vision.

Then comes the planning and creating for the short term wins; if you look at this top management team, they may be inspired, they may be concerned about what this organization is going to accomplish in next 3 years or 5 years. Probably because they have the more data, they have access to more information and they have that vision. But many a times, people who are reporting to them may not have that clarity, may not have

that broad vision; they need something gratifying, something on which they can feel proud of; in more immediate terms, in more short term or medium terms. So, for the larger number of people in the organization; we cannot just hold on to the one grand vision, we need to identify some milestone; rightly identified milestone. This milestone, when it is achieved and when recognition of this achievement is there- people feel motivated.

So, you might have seen in many organizations, they divide the transformation process in the six sigma projects or balances scorecard or some milestone of enterprise resource planning. In mergers and acquisition also, organizations identify some specific milestones. Those milestones when achieved must be celebrated properly; these celebrations enthuse people and give faith and confidence to the larger number of people in the organization to carry on with the path of the change process.

Third phase which Kotter called sustain and which corroborates very well with the refreezing phase as identified by Kurt Lewin, talks about consolidation of the improvements and producing further changes. When things start happening, when balls start rolling, when initial results are positive about the change process; some organizations and some leaders lose sight. Many organizations lose the intensity with which they were working on that vision for change – this approach does not help.

Celebrating before achieving main target is probably not a good thing; many organizations fall prey to this problem and many leaders make this mistake. Leaders need to be patient and organizations need to recognize that the initial success stories and the sign of success may not be the guarantee for the complete successful change process.

So, initial change processes have to be consolidated with the improvements and further produce more changes and finally institutionalizing of the new approaches must be there. Many of you in your organization might have seen - they mention CMM level 4, CMM level 5 companies. CMM simply means Competency Maturity Model. If we apply the Competency Maturity Model on the people process, it is called PCMM. All CMM approaches whether PCMM or others CMMs applied at the software development process have competency at its core.

CMM 1 means there are no predictable processes, CMM 2 means that there are predictable processes about recruitment selection etcetera - if you are talking about the

PCMM. Level 3 is about having the processes aligned to the competency and level 4 is about institutionalizing, mentoring, sustaining and building the culture of those objectives to which the CMM is geared to. CMM level 5 is about systems having inbuilt mechanism to bring about the change process.

So, we need to identify and set up the systems and processes which have that inherent capability to get modified. When the change process is ingrained in normal processing systems, systems gain the capability to keep redefining themselves and keep identifying what needs to be done in response to the market needs, in response to the needs of the internal customers or external customers and that is what Kotter talks about his institutionalizing the new approach.

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So, these steps are fine, but in organizations if the science is correct; if these steps are so very well known; why all the organizations are not able to take these steps?

Reason is that individuals have resistance to change. So, forces of resistance come from the direct cost involved. Individuals have to learn new things- they want to save face because they may not feel confident to deal with the demand for the change process.

Fear of the unknown - they do not know what will emerge when routines processes are changed. We all want to continue with the existing routine and change process sometimes requires following different routine. Incongruent system: I am comfortable in

working in certain type of system with certain technology, reporting system, interaction mechanism and receiving and taking feedback. However, a change process may require different systems which may appear incongruent to me. Change process may require a different kind of interventions within my team.

Suppose, from the team based structure, from the team based incentive; I want to recognize the individual contribution as well, then this kind of change will certainly have impact on the quality of interaction going on in the team. So, these are the reasons why in spite of knowing what is to be done, what should be done; people resist change.

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Resistance to and cost of change are expressed in the form of active anger or passive aggression. Sometimes, people are aggressive; they have a active aggression, what we have seen in many trade union. Many time people show passive aggression also. Such as doing only what is minimally required, waiting for the instructions before taking any decision etcetera.

Sometimes, people demonstrate resistance by withdrawal; they just ensure that they do what is technically required for their career, but do not take initiative. Fear of loss: They remain in a fearful situation and this attitude also brings in resistance for change. And there is a cost; cost for change and any change has the cost as well means change in the reward structure, there is a change; there might be change in the power shift, requirement

for the new competencies, need for the new relationship, challenge to identify and require time and energy; all these things are required, they are part of a change process.

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Raising Dissatisfaction

Dissatisfaction — *Emotional energy about performance or opportunity gaps*

- Communicate NEED for change and COSTS of not changing
- Performance / opportunity gap analysis (internal and external)
 - Comparative data
 - Contextual landscape analysis
 - Benchmarking
 - Employee attitudes
- Sharpen awareness of gap analysis
- Involve key people

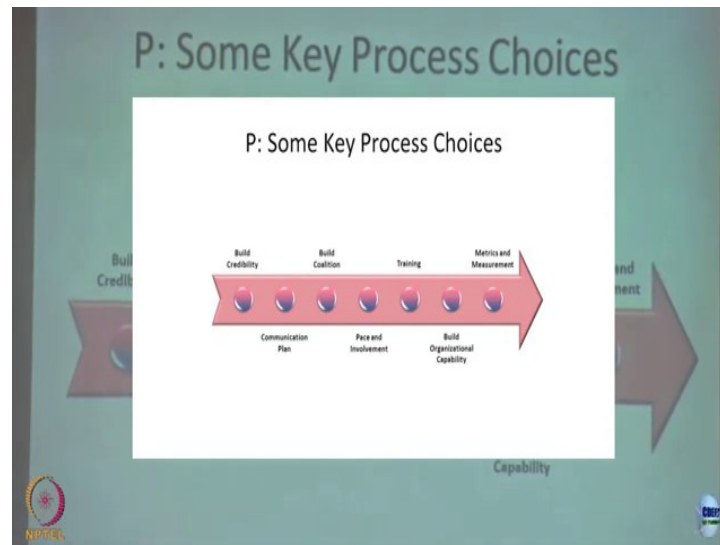


Dissatisfaction leads to dissipation of the emotional energy about performance or opportunity gap. So, we need to look at why organization is going for the change? Is organization going for change because of the opportunity gap? This means that organization is doing fine, it is not lost making, it is making some profit, but it still has much more opportunity to be harnessed – this is called opportunity gap.

Then there is a performance gap: this happens when an organization is not able to perform as well as their competitors. Opportunity gap is lack of initiative, lack of innovation. Performance gap arises due to lack of efficiency and lack of management capabilities.

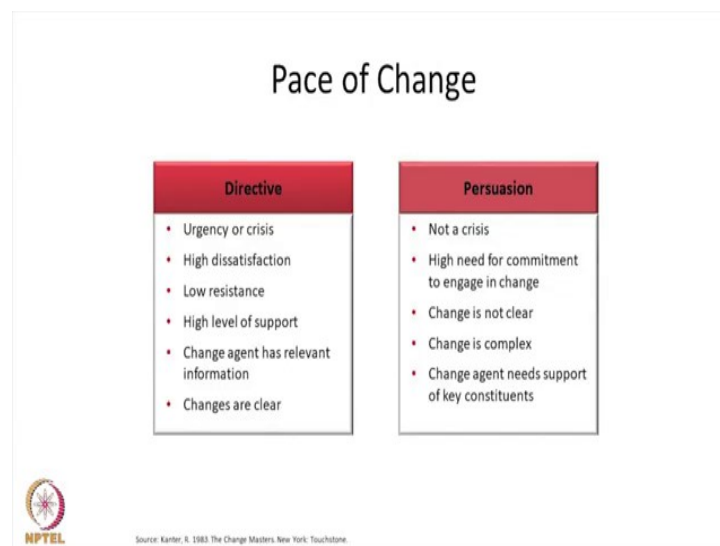
So, we need to look at what is the gap in the change process organization is aiming to fill. Accordingly, they need to communicate the need for change as well as the cost involved. The gap analysis about performance or opportunity must include comparative data, contextual analysis, benchmarking, and employee attitude. So, any change process; long term change process must be supported by a good database that helps to identify the temperament of the change process. This has to follow with the enhanced awareness of the gap analysis among key people.

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Some key process choices are about building capability, building communication plan, coalition, pace and involvement, training, building organizational capability, metrics and measurements.

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Pace of change has two aspects; direction and persuasion. Pace without appropriate direction is useless; pace is not possible without persuasion because it is ultimately people who are going to implement the process. So, urgency or crisis, high dissatisfaction, low resistance, high level of support, change agent, having the relevant

information and changes – all these are required. Then when these things are there, direction is appropriate. But persuasion becomes more important when there is high need for commitment to engage in the change process.

When change is not clear; when changes very complex and change agent needs support of the key constituents - it is a combination of the direction and the persuasion; along with the performance gap and the opportunity gap.