

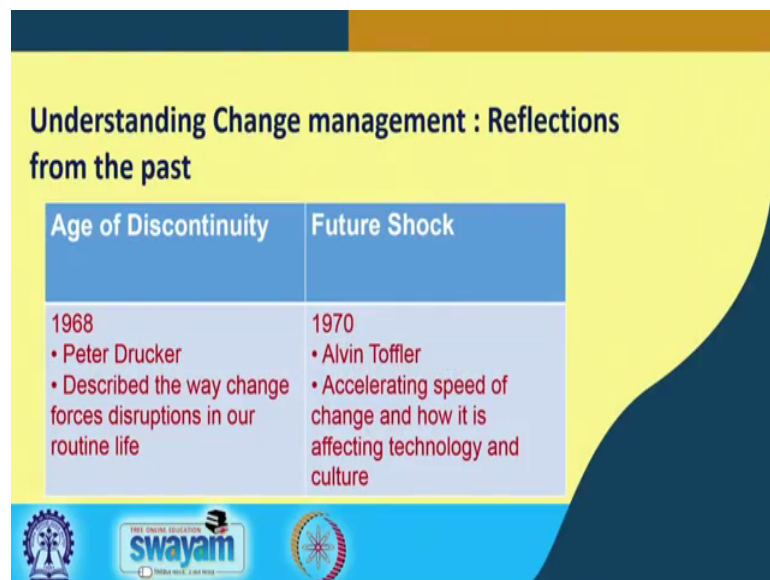
Managing Change in Organizations
Prof. K. B. L. Srivastava
Department of Humanities and Social Sciences
Indian Institute of Technology, Kharagpur

Lecture – 02
Nature of Change Management (2)

So, welcome to the next session of change management and here we will continue our discussion on the Nature of Change Management. So, earlier we have that, what are the triggers of change, what are the impact of the change and why it is in important for us to manage change effectively. And, I also presented a case of dot com companies which did not survive right which basically presents a point and a case to understand the dynamics of change management.

Now, we take it further to see that how the change management has been perceived and: what are the major milestones in the studies and the development of change management.

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Age of Discontinuity	Future Shock
1968 • Peter Drucker • Described the way change forces disruptions in our routine life	1970 • Alvin Toffler • Accelerating speed of change and how it is affecting technology and culture

So, what you are going to present here is something which basically helps you to understand the process of change management. And, if you look at back at the time, this presents major milestones of work that has been done in the area of change management and what they have suggested related to change management right.

So, we start with this the first one that is age of discontinuity. Peter Drucker who started the gave this concept of a age of discontinuity in 1968 and he suggested that the change the forces of the change is going to disrupt our life. Way back in 1968 you can say almost 50 years back, he suggested that the change is are the forces of the change are going to disturb our life in our work and our organizations and he say that we are living in age of discontinuity.

Moving further Alvin Toffler wrote a book in 1970 which is known as Future Shock and he in this book you basically identified and described the kind of things which is was likely to happen in future. And, he say that they are going to provide a big shock to the organizations and the individuals. And, he suggested that this future shock is a result of the speed of change which is happening and how this changes are going to affect the technology and culture.

So, if at the first place in the first point that was made by Drucker that is change is going to disrupt us. The second point that which was made by Toffler in Future Shock is related to what you call that speed of change that the rate at which this change is happening is very fast which is you can see visible from the changes in technology. If you look at the product life cycle, it has reduced to 6 to 7 month; in some area it is even less than that.

So, this accelerating speed of change which is happening in the field of technology and cultural lot of changes happening in the culture. So, these are the new things that is coming up which is going to provide some kind of shock and if I not able to be a bear the shock, then you as organization is not going to survive and go tomorrow. So, these are the two major developments in the history that you can look at it relates to the change.

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Strategic Windows	Beings of Habit
1978 • Derek Abell • Importance of Entry and Exit of a given strategy	1983 • Noel Tichy • We all have habit and we tend t repeat the same no matter what ever changes

Then moving further in 17, Derek Abell who basically talked about the strategy that what kind of a strategy has been used by organizations to grow and develop right. And, he say that there is nothing called a permanent strategy and the same strategy is going to be useful and you are going to use with the same strategy and be successful.

So, he suggested an advocated that you adapt a strategy and if you find that the strategies not working any more, then you give a that strategy; go for a new strategy. So, basically he talks about the changes in the strategy see if you look at Toffler, he talked about change in the technology and culture. While, Alvin talked about the change in the strategy so, he says that you need to bring about a change in your action plan because if you continue to use your old action plan or old strategy you might not be successful.

So, he say that you use a strategy is for a successful, you continue with that one, if you find that it is no more useful then you bring about a change in your strategy. Then another concept which was given by Noel Tichy in 1983 which is known as beings of habit, what is that mean? It means that what he suggest as for as concept of this being of habit is that we continue to do work in certain manner. So, we develop certain patterns and trends right which we call habit.

So, what actually happens? We repeat those things and do the same thing in the similar way right. So, this is what we know as habits because, if you are continue to do the things in a similar way, then it becomes a part of our habit. So, he say that we all have

habits and we need tend to repeat it the same, no matter what ever changes. So, if you continue to do the same thing, then probably we will I am going to service. So, you need to bring about a change and the way you have been doing things. So, this talks about the change in the process.

So, if you look at what is coming out from the past is that you need to bring about change in your structure, in your technology, your culture, your strategy and here we are talking about change in the process. Because if I adopt, if I have adopted certain processes and keep on going same thing to produce something and if you are keeping keep on producing the same thing time and again, then maybe tomorrow you will not be able to compete in the market with the same products and services.

Now, if you look at some of the companies I will give an example like HMT, they keep on producing mechanical watches though they started also entered into quartz watches that they are not successful; because they did not diversify fine they keep on doing the same things and similar way. Though they had the technology, they had good engineers, they had good processes, but they did not go for innovations and change and that they keep on doing the similar things. So, they did not change. So, you need to diversify, innovate so that you are able to survive in the market; look at the case of say Hindustan motors ok. They did not go for any kind of a diversification in their products and offerings.

So, what happened? It has ceased to exist today, because you will not these vehicles are being manufactured anymore because, the company has been closed. It means if you do not change yourself means that the way you have been doing certain things to produce, certain outcome, then this is out going to happen right so, beings of habits need to be changed.

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Understanding Change management : Reflections from the past

Nothing fails like success	Occurrence Evaluation
1990 • R. Pascale • Business needs to continuously invent something new to be successful. Hence changes are inevitable	1991 • Peter Schwartz • Strategic Planning cannot be done in advance. We tend to change or act based on situations

Logos: Swamyam, Free Online Education, Swamyam, Media Store, and a speaker in the bottom right corner.

Then another concept that came as like celebrating of successes for a longer period. Now, if look at either Hindustan motors or HMT, they have long time successes to their credit which there try to capitalize, but what happened later on? You cannot capitalize on your success for a very longer period right because, this success for a very longer period may bring about certain failures at a later stage if you do not change right. So, the concept that he gave is nothing fails like success because you cannot rely and depend upon your past success for the future.

So, what Pascale suggested in 1990 that businesses need to continuously invent something new to be successful right. So, changes inevitable right. So, he talks about new products and services that to need to bring out in order to survive and grow right. Now the either term which was given by Robert sorry Peter Schwartz was known as Occurrence Evaluation. What is occurrence evaluation? Occurrence evaluation means that whatever is happening you need to evaluate and see the impact right.

So, you need to monitor the situation you need to plan things in a very proper way and see that whether things are going it as per the plan or not. You need to continuously monitor the situation. So, that he was successful suppose you have planned something today and you are not able to monitor properly that how it is working then what will happen; that is one thing.

Second thing that he suggested that if you are going for strategic planning I mean you have planned your strategies very well ok, but you have not considered the situation right, then it is a I have going to be successful. So, basically he talks about the relationship between the environment and the strategy. So, he say suggest that your strategy should be derived by an evaluation of what is happening around that is occurrence that is happening around in your internal and external environment.

So, when you are going for a strategic planning, you need to do it on the basis of the current situation that is what is happening in your internal as well as external environment and you for able to properly assess then you can move forward and bring about a successful change. And if it is not based on the assessment of the situation, then you may not be successful. So, what he suggest is that you need to very careful assess the environment, scan it properly, identify what is happening around and then based on that those situations go for strategic planning. But he also suggested that if you are going to act or change on the basis of your plan it is it would be good, but make sure that it is contingent upon the evaluation of what is happening around.

Now, if you look at the Pascale and Schwartz in early 90s what sorry late 90s, what they suggest? They suggest that you need to go through this process of innovation, you know product and services and also you need to bring about a change in the way you have been doing and should be dependent upon the environment in which you are operating in right. So, now if we look at these consist that we have been talking about, it gives you an idea about the kind of changes that is happening in the organization like we are talking about changes in the process, system, structure, technology and that is how we can better understand the change management.

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Understanding Change management : Reflections from the past

Strategic Anticipations	Disruptive Technology
1996 <ul style="list-style-type: none">• Slywotzky• We can predict the future by evaluating the current situations and can change our self based on that	1997 <ul style="list-style-type: none">• Christensen• People tend to adopt change when they adopt disruptive technology and try to adopt a technology which makes their life simple

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Now, if you look at further in 1996, Slywotzky actually talked about we can be predict about the future are not. I need the indentify this concept is which is known a Strategic Anticipations. He suggest that yes we can predict the future by evaluating the current situation. So, moving further what parts has suggested the strategic planning he said that yes if we are going to plan about the future, then you must evaluate your current situation and all changes should be based upon your evaluation assessment of the current situation.

So, you should be very careful in assessing the current situation and then you go for and change ok. So, he says that yes we can predict the future because if provided where able to identify the level of uncertainty that is associated with this one with the current situation right because you know that we have defined change as moving from the current state to future state.

So, future state can be protected effectively only if you are able to understand the current state very clearly and at the same time you look at your internal resistance and you also look at the environment. And based on the analysis then you develop are a strategies so, that you can implement them to be successful. Year after in 1997 Christensen or talked about a term which is very very known today is known as Disruptive Technology. What is disruptive technology? It talks about a change in the technology which is very very different. It means the way you have been doing a operating of producing goods and

services has changed right. He says that people adopt those changes which are continuous in nature because sometimes we try to bring about changes which could be incremental in nature.

But he talks about a concept which is known as disruptive technology and he said that this technology something that is different. The concept of disruptive technology is that a technology which did not exist earlier right. Now, if you look at some other things that is associated with this disruptive technology it means this kind of technology might help you to change yourself effectively, but the major problem with this technology is to understand how this technology is going to impact the organizations ok. Because we sometimes we go for adopting this kind of technology and we are not successful because we do not we are not in a position you can say to understand how to adopt this kind of technology right.

So, this disruptive technology something that is very very different very very radical technology, it means it is different from the current technology is that we have been using. For example, now most of the organizations are using say artificial intelligence or machine learning which could be examples of disruptive technology. This kind of technology did not exist and these kind of technologies are going to replace the older technologies. So, most of the organizations need to adopt this kind of technologies to make an effective decision to perform effectively right and that is why we have been talking about here this disruptive technology.

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Understanding Change management : Reflections from the past

Strategic Decay	Complexity Theory
2000 <ul style="list-style-type: none">• Gary Hamel• No matter how brilliant the idea is it is old after some time	Present <ul style="list-style-type: none">• Some Business Planners• Multiple agents interact together

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Next another term which was given by Gary Hamel in 2000; this is known as Strategic Decay right. What does it suggest here? He says no matter how brilliant the idea is it is older after sometime. It means that he basically argues and supplements earlier things where we talked about strategic anticipation that is you need to keep on changing your strategy. So, he said that organizations need to continuously change their strategy because any strategy after sometime decays. It is not going to be affected because your competitors may also adopt to the same a strategy.

So, you need to bring about some kind of innovations in the way you are going to you make use a for strategy or the way you are going to develop a new strategy right. And finally, if you look at the present it is the current environment it is basically coined as the term what we call complexity theory. What does it mean to say complexity theory?

Now, if you look at the complexity it means that today is the things have become more complex. How things become more complex? When you are so, many things together it means the business environment has become complex, the technology has become complex, the way people have been working are complex. So, there are multiple agents related to different stakeholders relate to the environment, businesses, organizations all are working together and if that happens then the environment of the organization become very very complex. So, working in a very complex environment where everything is changing very fast and they keep on interacting very fast. So, that to factors

which are related to complexity that those factors which are going to impact your organization or many and these factors are very very dynamic.

So, if all those factors which are dynamic means that they keep on changing very fast. So, the frequency of change is very fast and the second thing is that they are number of environmental factors which are going to influence your organization. So, if the number of factors which are going to influence your organization and all of them are very very dynamic, then as a result it creates a situation which is going to be very complex. So, analyzing this complex environment is the job of the management and see that what kind changes they need to bring about to cope up with this kind of challenge.

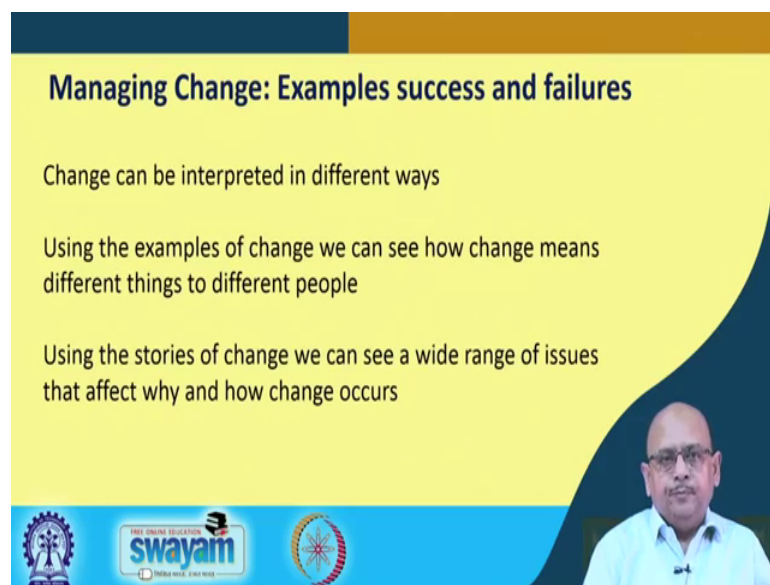
So, most of the businesses today are going to work in a very complex environment because of the nature of interaction that is happening and the nature of dynamism, among this factor that is they are it has become very very reflect say different for the companies to work in a complex business environment right. So, and this is going again and that is why it is said that yes we are going to live in a age which is going to be very very complex and the set same kind be said about the organizations.

Now, the basic idea of discussing these concepts was to see that what has emerged out here. Basically these talks about the changes that is happening in the environment how environment has become complex, do we need to follow the same strategy to change or not, how technology structure system cultural process or changing. So, this gives an idea about the kind of changes which is happening in the organization right. So, most of these authors basically advocate what is happening in an around in the name of the change right.

So, that you give an idea that what is change, what is happening in the name of the change management and what is changing whether there is a change in the technology, whether change in the environment making it more complex, whether the strategy that you have adopt this working or not whether the culture changes is happening whether the processes the way you have been doing things have been changing or not is there are need to change your processes the way of the way of doing businesses have been changed or not right. So, all these are reflections to better understand the dynamics of the change management ok.

Now, the next stage what will do will take up certain examples to explain that how change management is being taken up by the organizations and how the experiences of the organizations have been vis a vis related to the change management. So, we will take some examples some Indian companies as well as some other companies to explain that how companies have been experiencing success or failures in the event of change that is going around.

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Managing Change: Examples success and failures

- Change can be interpreted in different ways
- Using the examples of change we can see how change means different things to different people
- Using the stories of change we can see a wide range of issues that affect why and how change occurs

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So, we will look at some of the examples related to the success and failures because see how this change is being interpreted ok. So, if you look at the reflections that has come from the past they are going to help us to interpret change in terms of culture, technology, system, process, strategy whatever it is and how the change is being interpreted by the change manage that is very very important right. So, the idea of giving these examples to see that what change means to different people. Because it means different things to different people this, but this interpretation of a change is very important because if you are this interpretation is going to guide and help you to decide about what kind of change you want to bring in the organization

So, you will use certain stories of change which basically reflects wide the range of issues which affect why and how change happens in the organization. So, will take up these examples one by one to explain the changes.

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Examples of Change success and failures

NOKIA

Evolved into an industrial conglomerate producing rubber boots, cables, generators, military communications equipment in 1992

Changed strategy, focusing on telecommunications,

Turnover increased from €6.5 to €31 billion and the growth in sales and profitability continued until 2008

Completion from apple and Samsung

Adopted Windows Phone operating system

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Now, the first example that I have taken with Nokia you know that Nokia is a company you know that a started way back in 1865 it was a paper and pulp company, but basically evolved into a mobile technology mobile communication equipment in 1992. They event for the strategy and their basically focus on telecommunication and if look at the turn over it was very good up to 2007, they have been growing.

But after that they was a decline in the profit on. Though the intense competition from Apple and same Samsung because the kind of technology that was brought in was different and that is why you will find that Nokia was not able to succeed with this joints and the profit went down like anything. That again now Nokia is has adopted this window phone operating system and has again come back and trying to research and emerge in the market.

So, if you look at this story of Nokia with what does it suggest that you should not focus on a particular strategy right; because the kind of technology that they have been using they did not go for a change unless there was a fall in the profit. So, they learned it from that and then when they face the intense competition from Apple and Samsung they try to bring about a new technology and they went for a change and now they are trying to develop themselves.

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Examples of Change success and failures

Titan Vs HMT

- Losing market share due to mechanical and quartz Watches
- Watch becoming a fashion accessory for both men and women
- Aesthetics played an important role in marketing
- Diversified product range from Tata in association with quartz

Innovation is the key to success

swamyam

Another story which is very common with titan versus HMT ok, you know that HMT had a monopoly in the market. So, for as watches your concerned, it is a subsidiary of Hindustan machine tools and what happens to HMT as a at a later stage. They started losing market share due to mechanical and quartz watches because you know that HMT was making quartz sorry mechanical watches and titan watch in to quartz right. But HMT did not go for innovations and diversifications in the products. With the change at the time there was change in the customers expectations and the preference so for as watch concerned right. It become a fashion accessory for both men and women. This it was not only considered as a time keeping instrument that is what was considered by HMT.

So, and aesthetics played a very important role in marketing and that is what that is where HMT failed and Tata in association with quartz came out with diversified product range it was very very successful. So, what does it suggest? The lesson is that a innovation is the key to the success. If are not able to innovate your products and services, you are not going to succeeds and if you look at some of the lessons that we have learnt from the reflections of the past one thing that is suggested by these authors that yes you need to invent your product and services in order to survive in grow and compete in the market right.

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Examples of Change success and failures

Hewlett Packard: Change issues

- Organizational politics and lobbying
- Merging of cultures as a form of change
- Communicating change to internal employees and company stakeholders
- Restructuring the organization as a common type of change

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I will take of another is examples like Hewlett Packard right. What were the issues that were there in the beginning ok? In the two different companies the lot of actually politics and lobbying that we are going on between Hewlett Packard. The most important challenge that they face was relate to the mergence of these companies, it was related to the culture because these two companies had altogether different companies cultures actually.

So, there was no cultural adjustments are you can say compatibility between these two companies ok. And then the new CEO tried to see that what needs to be done in order to bring about an effective and successful mergers because merger is also a kind of change ok. So, he tried to communicate with the employees and other stakeholders to see what needs to be done in order to see that this merger is going to be successful and another thing that was done they went for restructuring which really help this organization to grow and develop themselves.

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Examples of Change success and failures

Hewlett Packard: The key lessons learned

- Different interests need to be recognized and addressed
- Negotiation and persuasion are key communication skills
- successful communication strategies touching people
- Pressures to change come from both outside and inside organizations
- Restructuring

So, what are the key lessons that was learnt from this story are this you can say example, yes. See when two companies are merging people from two companies may be having different interest earnings that to be that need to be recognized and addressed. Because, you are not able to address these issues people from two companies have different kind of expectations and interest. So, that need to be looked into by the top management and negotiation and persuasion is very very important.

So, you need to continuously negotiation with the stakeholders, communicate effectively communicate effectively is the only thing that you can say is going to help you to touch the people. Because, unless you communicate with all the stakeholders especially employees were going to merge with your company they are not going to be successful right. And then the change the pressure for change was there from both sides outside as well as inside and the company went for restructuring to become successful. So, it is a it could be a success story where the companies try to bring about a change are at least accommodate the cultures of two different companies together through persuasion and negotiation. And, they adopted communication strategy by touching the lives of the people and their hard to win them; so, that they could be moving to a more successful merger.

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Examples of Change success and failures

The case of IBM: Key change issues

- Change can come from top and down
- transformational changes being instigated by the CEO
- Innovative changes often emerge from below in organizations
- Change needs appropriately placed champions to gain support
- Change requires marshalling of appropriate resources
- Incremental and transformational changes

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About from Hewlett Packard will take up some other example like case of IBM. IBM is the very big company right and they started change which could be called as top down. Now it means that the change when initiated from the top as well as also from the bottom and let us trans changes were initiated there was CEO which could be termed as transformational not incremental in nature right and he also went for innovative changes and this idea of innovative changes came from the employees which working at the lower level in the organization ok. And those who came out with needs ok, that is we have to go for this kind of thing they also got support from the management. It means that suppose you have a new idea which is going to help the organization ok. So, there are innovation champions who take up your cause to support you bring it to the top management to ensure that this idea is implemented right.

And in order to bring about to the change you that the company ensured that there are enough resources. So, that these changes could be successful implemented and they went for both incremental changes and transformational changes in the organization.

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Examples of Change success and failures

Kodak: The key change issues

- Internal and external stakeholders interpret and react to change differently
- Communication strategies need to be directed at both groups of stakeholders
- History of past changes influence the reactions and the way managers deal
- Managers of change need to address the question for staff of "How will I be affected?"
- Downsizing strategy

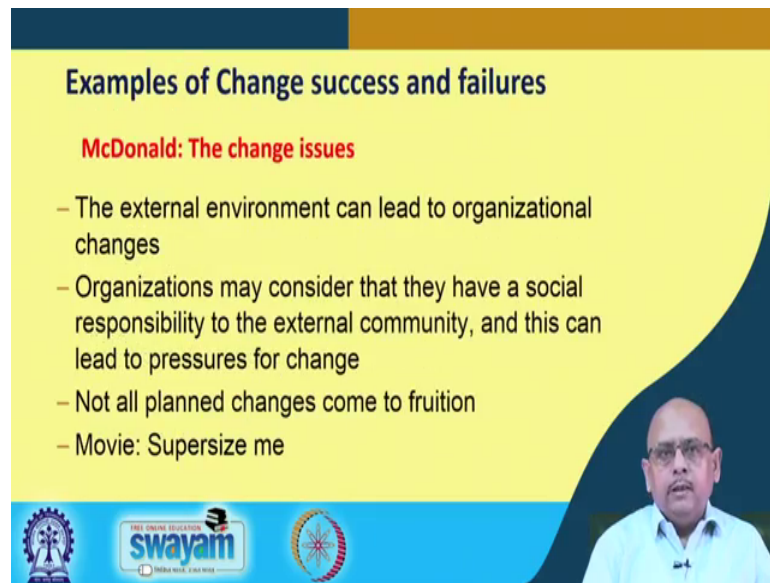
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Now, another story of Kodak which is not a success story, but it is it could be called a failure a story right. So, they even for basically reactive changes you know that Kodak as a film company they diversified into cameras different kind of cameras. But what actually happened with the Kodak that it did not keep pace with the changes which is which were happening in the technology in the field of communication right.

So, both the internal stakeholders, the employees and also the stakeholders external a stakeholders the interpreted and reacted to the changes differently ok. Though they try to bring about certain changes, but what since Kodak initially was a very successful company their allied and their past. And they did not see that there is they need to bring about new technologies because the kind of technology which was used by Kodak was more mechanical or manual technology and you know that the technology related to the camera move to become more digital in nature and when it become move to become more digital in nature what actually happen that Kodak did not bring about the changes ok.

And then they were basically more self interest they were concerned about their own concern that is how the how it is going to affect it me and they went for downsizing, rightsizing, cutting staff and all kind of things. But they did not go for bringing about a change in the technology and that is why this was not a very successful story and that is how Kodak lost market share and other kind of thing.

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Examples of Change success and failures

McDonald: The change issues

- The external environment can lead to organizational changes
- Organizations may consider that they have a social responsibility to the external community, and this can lead to pressures for change
- Not all planned changes come to fruition
- Movie: Supersize me

The slide features a yellow background with a dark blue curved shape on the right side. At the bottom, there is a blue banner with logos for 'THE ONLINE EDUCATION swayam' and 'INDIA WISE, LEARN WISE'. A video inset in the bottom right corner shows a man with glasses speaking.

Now, about from Kodak, I will also give another example which if from the food technology at the food that is no McDonald. McDonald actually is a company which for event for a change for a different reason right. You know that McDonald as an organization is producing food right not exactly food, but fast food you can say and they actually went for a change. Because, they were lot of pressure from the external environment ok because, the kind of junk food or fast food which were the preparing was not good for the health ok.

So, as the organization you are also going to consider that is you have social responsibility towards the society, you also need to take care that how your product is going to affect the health of the people ok. Though they have plan their things very well they went for the product and it was very well successful, but in initially, but what happened. There were lot of opposition and even there was a movie which is known as Super Size Me which was made to show that how this junk foods is going to affect the health of the people.

If you look at this movie which is easily available you can see that a person who took this food almost for a month was who was very healthy and then when he went for a physical check up then all parameters will there is a blood sugar or that is a blood pressure or heart related problems all kind of problems faced.

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Examples of Change success and failures

McDonald: The key lessons learned

- Changes occur in a competitive, international business environment
- Organizations face external pressures to change such as providing socially responsible products and services
- Some changes fail to deliver on their intended outcomes
- Showed significant changes in line with environmental pressures realigning their focus to the long term health and wellbeing

Logos: Swamyam, The Union Education, and other educational institutions.

So, he made this movie and this movie was very successful and this movie basically acted as a pressure for the company and that is how the McDonald went for a change. So, the key lesson that would be learned from this is that is change occur in a competitive international business environment yes, you higher external pressure to change. Because you need to provide socially responsible products and services, you cannot play with the health of the people and you sometimes you bring about certain changes.

But it does not bring about intended changes you have plant certain things, but you are not able to do because these external pressure to come out with something which is going to be more useful from the utilistic perspective right. And that is how company was forced to bring about significant changes in line with the environmental pressures and what actually happened that because of this the company also started offering health products, food products which were more healthy which was good for the people.

Now, the basic idea of bringing about to these examples to you which are related to both success and failure to see that the factors that, we have identified from the reflections ok. If you are able to scan the environment an identify ok, what you need to do you are going to succeed? If are not able to scan then environment properly like in case of say Kodak or Nokia ok, this going to be a fall in your market share in your performance and all kind of things.

So, unless you are able to scan the environment effectively and see what is happening in an around and accordingly your bring about a change in your structure, system, technology, process or culture you are not going to successful and that trigger for the change comes from where the environment. So, there could be environment pressure for you to change, there could be internal pressure for you to change ok. So, you need to identify those pressures and work accordingly. So, that you are going to effectively manage your change. So, I think with this we are going to complete this session.

Thank you very much.