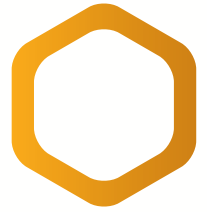




Advanced Practitioner in Sustainable Leadership

Session LP4.9: Considered organisational change

This session



In this session, we discuss the Foundation-level practice of considered organisational change.

Honeybee leadership is reluctant to keep changing the organisational systems unless absolutely necessary. This results in major changes being well considered before being implemented.

Of course, incremental improvement is continuous and does not interfere with the entire system in major ways.

We introduce several approaches to change management and consider how to manage change in the digital era.

#9 Considered change



Whenever possible, Honeybee enterprises prefer a planned and managed approach to major change. They acknowledge the disruptive effects that major change can have on the organisational system as a whole and seek to contain the fallout.

Gieseke & Devrient, a Munich-based firm, made about four major shifts over its nearly 200-year existence. It began by

1. printing bank notes,
2. then shifted into making the machines that printed money,
3. then into security documents like passports and credit cards,
4. and today is involved with cyber security in smart phones and other technologies.

These major shifts in strategic focus were closely considered.

Incremental (evolutionary) change



Not all change is turbulent and demanding.

- Organisations are continually evolving and adapting to new situations as their people adjust to new markets, technologies, regulations and innovations.
- These adjustments can be deliberate and on-going, or driven by incremental continuous improvement.
- Example: in 2019 global insurer **Allianz** introduced a system using smart phones coupled with artificial intelligence to assess damage claims.

Typically, evolutionary adaptations are quite small and localised in particular parts of a firm, such as the smart phones in the claims department at Allianz.

Radical change



By continually scanning its environment and evaluating multiple scenarios, Honeybee Leadership seeks to minimise upheaval from the unexpected.

- Through scenario planning, radio communications provider **Rohde & Schwarz** predicted the dot.com bubble in 2000 and took action to protect the company. Like other Honeybee companies, Rohde & Schwarz is prepared for pandemics, economic and political crises and other global disruptors.
- Pandemic planning turned out to be essential for both business and governments when COVID-19 abruptly changed much of the world within a few months in 2020—causing radical, unplanned change economically, technologically, socially and behaviourally.

Unanticipated change



Sometimes major change is totally unexpected. Eg at **VW**

- top management did not foresee the expensive fallout from the Dieselgate emissions scandal and initially attempted to brush the problem under the carpet.
- once management admitted it had a problem, this event triggered a radical change in processes to prevent fraud from ever happening again.
- while no/little major change in the culture, which some say was the main problem, is evident, VW did make a major shift in its products, moving production from fossil fuel-driven motors to electric vehicles.

(Accessed 3 January, 2020 at <https://www.volkswagenag.com/en/group/strategy.html>)

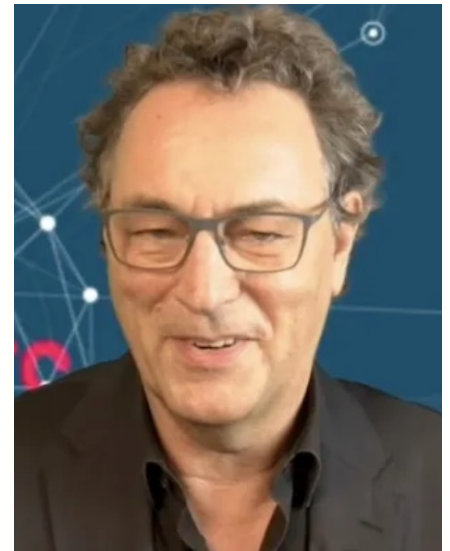
Anticipated but unknown change



The rapid digitalisation is taking us into a future that is difficult to predict.

What does this mean for the workforce? For the kinds of jobs people will have? How our society will work?

Sit back and enjoy as futurist Gerd Leonhard explains how humans will always be needed even with the rise of machines (32 mins).



SOME APPROACHES TO CHANGE



Next we consider the following approaches to change:

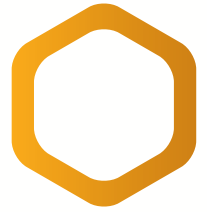
1. Ad hoc “approaches”
2. Promoting culture for change-ready organisations
3. Planned approaches eg Lewin, Kotter
4. Emergent view: eg Social design (Heller)

1: Ad hoc approaches



- Popular but how effective?
- Jolts the system around
- Can distress participants who have to keep changing

2: Promoting change-ready cultures



- This approach assumes that organisations can be designed to embrace and cope with change.
- What if you view an organisation as fluid? As fractal? Or as a set of multiple collaborations?
- Change would emerge from characteristics like a readiness to innovate, intrapreneurship, a culture that encourages widespread involvement in continuous change.
- Example: **WL Gore & Associates**

3: Planned approaches



- Planned change is rational.
- Formulate goals and objectives ie end point.
- Implemented in a top-down fashion.
- Assumes that the org must go through a number of phases to successfully reach a desired future state.
- Therefore, change needs to be managed and transition handled carefully.

Transitioning to a new state



Planning to transition to the new state is considered important

- eg a fulltime transition management team (TMT) manages the process
- TMT reports to CEO
- the importance of the following is highlighted
 - communication
 - leadership &
 - emotional aspects of change.

Lewin: Typical patterns in change



In 1947, Lewin said: 3 steps in any change process

1. unfreezing

- need for change is communicated
- comfort is disconfirmed
- mindsets shaken up

2. movement

- perceiving gaps between current & future behaviour (cognitive stage, confusion reigns)
- taking action to make the change

3. (re)freezing

- crystalising new path
- ensuring new behaviours are locked in
- providing comfort with new system



(For critique: Cummings, Bridgman & Brown, (2016). Unfreezing change as three steps: Rethinking Kurt Lewin's legacy for change management. *Human Relations*, 69(1), 33-60).

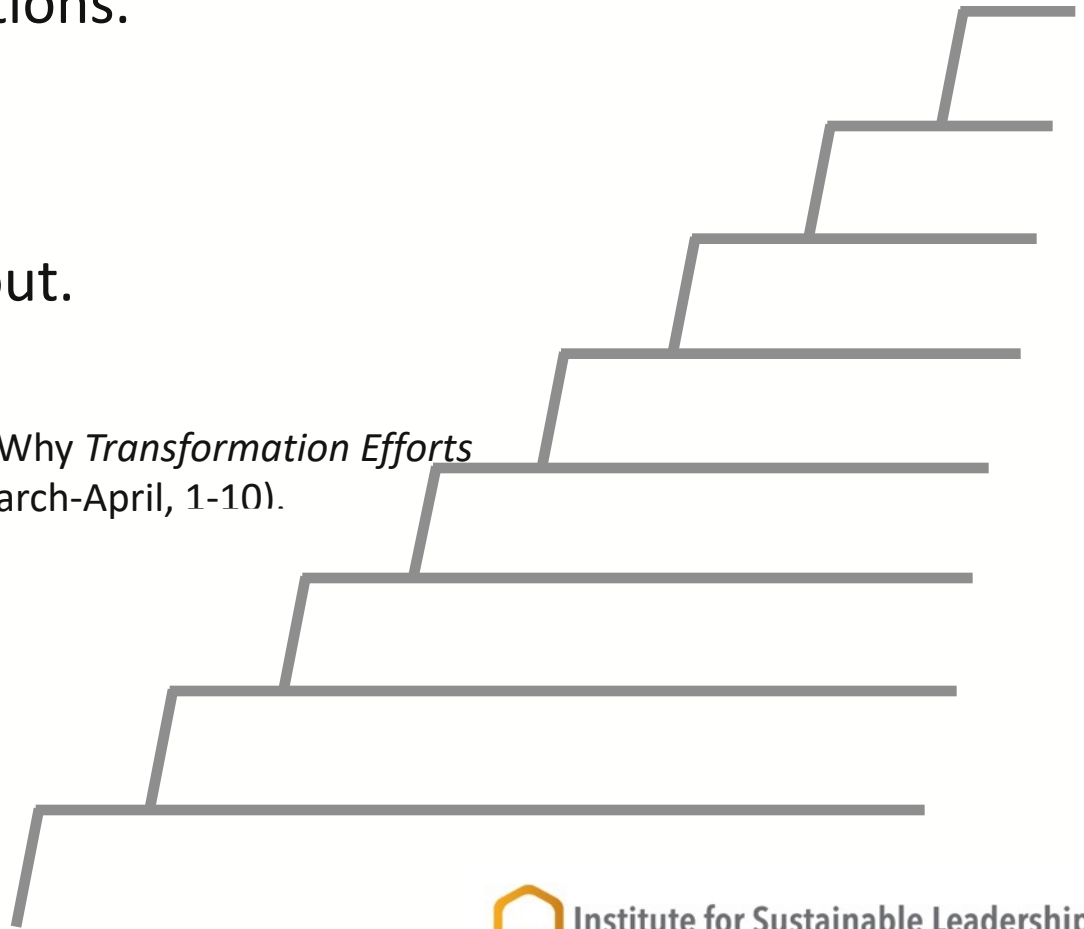
Kotter: 8 transformation steps



John Kotter argues for 8 steps in transforming organisations.

It often hinders change if they're left out.

(Kotter, J. 1995. *Leading Change: Why Transformation Efforts Fail*. Harvard Business Review, March-April, 1-10).



Kotter's 8 steps

Source: Kotter, J. 2007. Leading change:
Why transformation efforts fail.
Harvard Business Review, p. 4.

EIGHT STEPS TO TRANSFORMING YOUR ORGANIZATION

- 1** Establishing a Sense of Urgency
 - Examining market and competitive realities
 - Identifying and discussing crises, potential crises, or major opportunities



- 2** Forming a Powerful Guiding Coalition
 - Assembling a group with enough power to lead the change effort
 - Encouraging the group to work together as a team



- 3** Creating a Vision
 - Creating a vision to help direct the change effort
 - Developing strategies for achieving that vision



- 4** Communicating the Vision
 - Using every vehicle possible to communicate the new vision and strategies
 - Teaching new behaviors by the example of the guiding coalition



- 5** Empowering Others to Act on the Vision
 - Getting rid of obstacles to change
 - Changing systems or structures that seriously undermine the vision
 - Encouraging risk taking and nontraditional ideas, activities, and actions



- 6** Planning for and Creating Short-Term Wins
 - Planning for visible performance improvements
 - Creating those improvements
 - Recognizing and rewarding employees involved in the improvements



- 7** Consolidating Improvements and Producing Still More Change
 - Using increased credibility to change systems, structures, and policies that don't fit the vision
 - Hiring, promoting, and developing employees who can implement the vision
 - Reinvigorating the process with new projects, themes, and change agents



- 8** Institutionalizing New Approaches
 - Articulating the connections between the new behaviors and corporate success
 - Developing the means to ensure leadership development and succession



Limitations of planned approaches



Planned approaches are popular but:

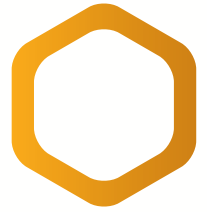
- Can they cope with continuous change?
- Do they apply more to individuals than to organisations?
- Can they take politics and symbolism into account?
- Are they adopting a too mechanistic view of organisations?
- Are they relevant in a rapidly digitalising society?

4: Emergent approaches



- The content of change is not the starting point, as it is in a planned approach to change.
- Rather, the **outcome** of an emergent change process is the starting point.
- Emergent approaches are devolved and bottom-up, requiring the active involvement of everyone affected for success.
- Employees are not the passive recipients of change.

Example: Social design approach



Cheryl Heller (2018, p.11) argues for social design as an approach to change:

“Social design is the design of relationships, the creation of new social conditions intended to increase agency, health, creativity, equity, social justice, resilience and connection to nature”.

A social design culture is open to everyone, not just limited to a few who dictate what is to happen.

(Heller, C. 2018. *The intergalactic design guide: Harnessing the creative potential of social design*. Washington: Island Press.)

This session



In this session, we focused on taking a considered approach to change in Sustainable Leadership.

Many Honeybee organisations prefer to manage major change while encouraging incremental change and improvements on an everyday basis.

We examined several alternative approaches to managing (or not managing!) change, some of which do not involve planning.

Will emergent, social design approaches be useful in rapid digitalization?