

CHAPTER 2: Theories of Effective Change Implementation

Main Teaching Point

The teaching point to be made by Chapter 2 is to introduce students to key theories of effective change implementation and change resistance.

Learning Objectives

1. Present the three phases of the planned change theory of Kurt Lewin.
2. Delineate the key insights to effective implementation offered by the field of Organizational Development.
3. Differentiate between content-driven and process-driven change.
4. Explain an approach to change management that emphasizes task requirements and performance results.
5. Offer a framework for change implementation that encompasses multiple theories.

Opening Case—*Turnaround and Transformation at Duke University Children’s Hospital*

Key Learning Point of Case: The case illustrates an effective change implementation at a university hospital using key concepts in this chapter such as process-driven change and task alignment.

Analyzing the Case

1. From whose point of view is the case told?

The case is told from the point of view of Jon Meliones, the chief medical director of the Duke University Children’s Hospital.

2. What is leading the Children’s Hospital to alter their strategy?

Changes in insurance reimbursement for patients have put tremendous pressure on net margins; revenues are declining and patient and staff satisfaction is “at an all-time low.”

3. What steps has Meliones taken?

(1) Led staff through a shared diagnosis of root causes of financial problems.

(2) Created a cross-functional team with the goal of figuring out how to provide both excellent patient care and excellent financial performance articulated in strategic renewal motto: “No margin, no mission.”

(3) Piloted change in a single unit: pediatric intensive care.

4. What behaviors will need to be changed?

Need to eliminate “fiefdoms” of people focusing on individual goals and develop a shared commitment to improving margins and serving patients.

5. How did he drive change within the pilot unit?

Roles, responsibilities and relationships within the unit were redesigned to serve the new strategy; a balanced scorecard (BSC) was used to reinforce behaviors.

6. How effective was the effort?

The hospital returned to profitability in three years.

Lecture Outline

1. Theories of Change Implementation

Understanding effective change implementation requires understanding what levers can be applied—diagnosis, cross-functional teams, measurement systems—and in what sequence.

Theory into Practice:

- Effective change involves both content (what is being changed) and process (how the changes are being implemented).

Theory into Practice:

- Telling employees why they need to change will not build motivation to change; it is necessary, but not sufficient.

Theory into Practice:

- Don't assume that poor organizational performance will create an urgent need to change within a company.

2. Kurt Lewin's Field Theory in Social Science

A. Context plays a key role in shaping individual behaviors: $B = f(P,E)$ with B = behavior, P = person and E = environmental context.

- Behavior is shaped by group *norms*—shared expectations of how group members ought to behave.
- Group norms keep old habits in place.
- Social habits only change when there is dissatisfaction with status quo.
- To break the “social habits” that support current patterns of behaviors, effective implementation needs to start with dissatisfaction, disequilibrium, and discomfort.

B. To create change, people must go through three phases:

- *Unfreezing*: dissatisfaction or frustration with the way things are
- *Moving*: altering patterns of behavior
- *Refreezing*: institutionalizing the new patterns of behavior
- See examples in Exhibit 2-1

C. To create change, focus first on changing group norms, then individual behaviors.

Theory into Practice:

- To break the “social habits” that support existing patterns of behaviors, start with creating dissatisfaction, disequilibrium and discomfort.

Theory into Practice:

- In order to implement change, target group norms first and then focus on individual behaviors.

3. Organization Development and Change Implementation

A. Organization Development is an approach to organizational effectiveness that calls on the fields of behavioral and social sciences to provide guidance to planned change efforts.

- Ten key insights from OD are shown in Table 2-2:
 1. Systems perspective
 2. Alignment perspective
 3. Participation perspective
 4. Social capital perspective
 5. Teamwork perspective
 6. Multiple stakeholder perspective
 7. Problem-solving perspective
 8. Open communications perspective
 9. Evolution/revolution perspective
 10. Process facilitation perspective
- Three are particularly important:
 - a. *Open Systems Perspective (OSP)*: OSP is an organism or entity that exists in a constant interactive state with its external environment. An OSP presents a relational view on organizations and stresses the importance of *alignment*: congruence or compatibility between and among various elements of a system, including the internal context, the external environment and patterns of employee behavior (see Exhibit 2-3).

Theory into Practice:

- Performance problems often reside in the hand-offs between employees, between tasks, between functions, and between units; these are the problems to be targeted first for change.

- b. *Multiple Stakeholder Perspective (MSP)*: *Stakeholders* are individuals or groups who lay legitimate claim to the performance of the organization. An MSP argues that stakeholders should be seen as citizens of the organization and their concerns and interests must be addressed.

Theory into Practice:

- If leaders are successful at aligning the interests of multiple stakeholders—shareholders, employees, customers, suppliers, the host community and so forth—they can contribute to outstanding performance open communications

- c. *Open Communications Perspective*: Conflict must be approached with an attitude of problem solving, openness and trust. Also, try to create a sense of ownership and inclusion.

Theory into Practice:

- Don't shy away from conflict. As individuals articulate and analyze differences, they can improve organizational effectiveness.

Theory into Practice:

- Be sure to create an inclusive change process—one that builds ownership of and commitment to the desired improvements.

4. Process-Driven Change Interventions

A. Change interventions can be content-driven or process-driven.

- **Content-driven change**: Programmatic change in which specific programs—customer relationship management, balanced scorecard and lean enterprise, for example—are used as the driver and centerpiece of implementation.
- **Process-driven change**: An approach to change implementation that emphasizes the methods of conceiving, introducing and institutionalizing new behaviors and uses content as a reinforcer rather than a driver of new behaviors.

Content-driven changes are very popular in organizations because they are quick, simple and trendy but they are rarely successful because they do not build motivation for change. Content-driven changes (see Exhibit 2-4):

- Serve as the initial centerpiece for launching and driving transformation throughout the company or unit.
- Are imposed by top management
- Do not proceed from shared diagnosis.
- Rely on standardized, off-the-shelf solutions.
- Are imposed uniformly across the organization

Theory into Practice:

- There are no one-size-fits-all solutions to performance problems in your organization.
- Just because top leaders believe in the need for change doesn't mean that all employees share that conclusion.

- Content-driven change often fails because of inadequate attention to the process of change.
- Repeated failure to implement change effectively can build cynicism in an organization, “inoculating” it against future change efforts.
- Content-driven change is both tangible and measurable—but that doesn’t make it effective.

B. Process-Driven interventions create a collaborative approach to change, using involvement, participation and task alignment.

1. **Task alignment** is an approach to behavioral change that starts with the identification of the key strategic tasks of an organization or unit and then asks employees to redefine their roles, responsibilities, and relationships in order to perform those tasks.
2. Task alignment focuses behavioral change on the requirement to improve the manner in which employees perform the strategic tasks of the organization.
3. Task-aligned change implementation starts with the goal of improving performance and implementing strategy and then seeks appropriate supportive behavioral change.
4. Line managers have far greater ability to diagnose business and performance problems than to engage in psychological or therapeutic analysis of individuals.
5. By focusing on solving real business problems, task alignment takes advantage of the knowledge and expertise in the organization.
6. Tangible performance results that accrue from task-aligned change interventions reinforce the efficacy of such efforts, which, in turn, creates momentum for renewed change intervention. Task alignment builds commitment by focusing on real and immediate performance problems and producing tangible results.
7. Task alignment increases not only the motivation of employees to change their behavior but also managers to support organizational change.

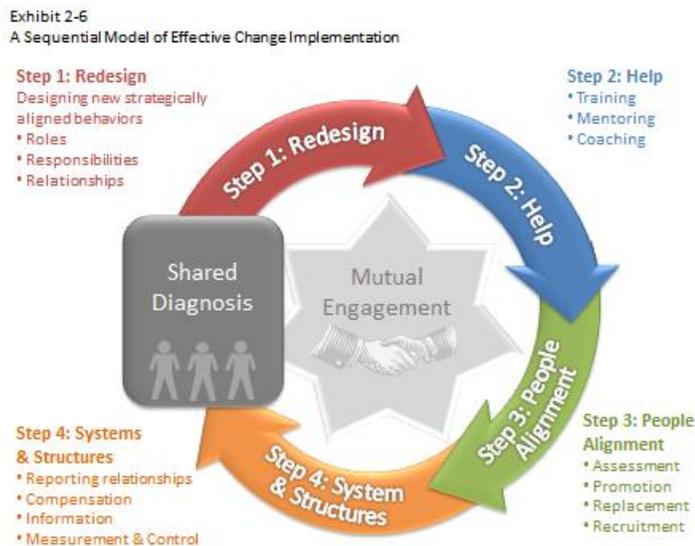
Theory into Practice:

- Process-driven change seeks to create an organizational climate in which employees will be motivated to adopt new behaviors consistent with the strategic direction of the organization.
- Task alignment combines the insights of organizational development with a bottom-line focus on performance.
- A task-aligned approach to change implementation can help create motivation to adopt new behaviors by focusing on real, immediate business problems and producing tangible results.

5. Putting It All Together: Building a Theory of Change Implementation

Each theory of effective change management offers a unique insight. Those theories and their implementation implications are summarized in Exhibit 2-5 on page 40.

Exhibit 2.6 on page 41 shows the four key components to effective change implementation: Lewin's field theory, OD, process-driven change and task alignment. These create a **sequential 4-step process model**, supported by two key concepts: shared diagnosis and mutual engagement.



1. *Shared diagnosis* is a process that creates widespread agreements about the requirements for change—the dissatisfaction needed for “unfreezing.”
2. *Step 1: Redesign* requires a focus on strategy, performance outcomes and task alignment.

3. *Step 2*: Organizations can and should offer employees **help** in enacting new behaviors.
4. *Step 3*: Shared diagnosis and task alignment should be followed by **people alignment**.
5. *Step 4*: New behaviors must be reinforced through establishing **systems and structures**—the *refreezing* stage.
6. *Mutual engagement at the core* is necessary to ensure learning and commitment at every stage. This requires four things:
 - *Mutuality*: all parties accept the belief that the other party has the capacity and willingness to learn and change
 - *Reciprocity*: all parties accept the belief that each side can learn from the other side
 - *Advocacy*: willingness and ability of all parties to be open about their own positions and assumptions
 - *Inquiry*: willingness and ability to allow others to question and challenge their positions
7. Finally, avoid implementation traps, especially those associated with skipping steps and ignoring key principles, as shown in Exhibit 2-7 on page 46.

Theory into Practice:

- Kicking off change implementation with shared diagnosis builds both dissatisfaction with the status quo and a commitment to enact new behaviors.
- Asking employees to enact new behaviors—roles, responsibilities and relationships—can be supported by organizational help in learning new skills.
- Effective change implementation requires new skills and competencies on the part of the organization's employees.
- Altering formal organizational systems and structures can come at the back end of a change implementation in order to refreeze new patterns of behavior.
- Mutual engagement at every stage of the implementation process helps assure learning and builds commitment.

6. Conclusion

The sequential model of effective change implementation represents an integration of key theories of organizational change.

Additional Suggested Reading

- Michael Beer, *Organization Change and Development: A Systems View* (Santa Monica, CA: Goodyear Publishing, 1980).
- Michael Beer, Russell A. Eisenstat, and Bert Spector, *The Critical Path to Corporate Renewal* (Boston: Harvard Business School Press, 1990).
- Michael Beer and Bert Spector, "Human Resource Management: The Integration of Industrial Relations and Organization Development," in Kendrith M. Rowland and Gerald R. Ferris, eds., *Research in Personnel and Human Resources Management: A Research Annual, Vol. 2* (Greenwich, CT: JAI Press, 1984), pp. 261–297.
- Leon Coetsee, "From Resistance to Commitment," *Public Affairs Quarterly* (Summer 1999), pp. 204–222.
- Kurt Lewin, *Field Theory in Social Science: Selected Theoretical Papers* (New York: Harper and Row, 1951).

Discussion Questions

1. According to Kurt Lewin, why is it so difficult to motivate employees to alter their patterns of behavior?

Lewin pointed out that people's behavior exists within an equilibrium of forces that keep it in place. The only way to change that behavior is by creating a disequilibrium—some sense of imbalance or dissatisfaction that generates the motivation to change. Because people respond positively to the social norms in their environment, changing the social context is key to the process of changing behavior.

2. Discuss the various ways in which change theorists have attempted to introduce performance and results into the implementation process.

Most of the approaches have been content-driven and disconnected with the key processes, tasks, structures and relations in the organization. While this is usually a quick and easy approach, it is also doomed to failure. A process-driven approach and in particular one that emphasizes task alignment ensures that the focus in the change process remains on the goals and tasks of the organization. It also ensures a collaborative process that involves people, structures and tasks.

Final Case Discussion – *Blue Cloud Gets Agile*

1. What was the trigger event that led Shel Skinner to adopt Agile?

Shel Skinner attended a conference on a new methodology for software development—Agile.

2. What is your evaluation of the change implementation steps followed by Skinner?

Students should address the fact that Skinner should have involved his engineers in a process of shared diagnosis and task alignment. Rather than simply superimposing the Agile methodology on the work structure, a systematic process-driven change intervention would have worked more effectively.

3. What behavioral changes, if any, does Agile require of employees?

Students should discuss how the adoption of Agile required them to emphasize teamwork, collaboration, and monthly releases. Cross-functional development teams were held a daily “scrum” to ensure that all members were fully onboard with the progress and that all questions and concerns were raised in a timely manner.

4. How do you account for such widely varied responses to Agile among Blue Cloud employees?

Students should discuss if there might be different perspectives about the status quo; those who were happy with the processes in use would likely resist more than those who were dissatisfied.

5. What should Skinner do now?

Students might suggest that Skinner re-introduce Agile, starting with shared diagnosis. Another approach might be to deploy the Agile methodology to a sub-set of their software development programs instead of across the entire company.