CHAPTER 2

Change Frameworks for Organizational Diagnosis

How to Change

Change is.

—Anonymous

Chapter Overview

- The chapter differentiates between **how** to create organizational change, its process, and **what** should be changed, the content. Change leaders must understand both.
- Lewin's classic "Unfreeze-Change-Refreeze" model is discussed.
- A modified version of Beckhard and Harris's change management process is developed in depth. The model asks: (1) What is going on in the organization? (2) Why change? (3) What is the gap between the existing and desired states? (4) How do we close this gap? and (5) How do we manage during the transition phase?
- These explicit models will help change leaders articulate their implicit models of how organizations work and how to change their organizations.

Sweeping demographic changes, technological advances, geopolitical shifts, and pressures to be more sensitive to our physical environment are combining with concerns for security and organizational governance to generate significant pressure for organizational change. Awareness of the political, economic, sociological, and technological (PEST) aspects of any organization's external environment forewarns us of the need to pay attention to such factors. Furthermore, it alerts managers to a need to have some means in place to attend to their organization's relevant environmental contexts and to decide whether they need to take some action as a result.

McDonald's is one of many organizations scanning its environment and making decisions about changes to its products as a result of changes in its environment.

> Des Moines, Iowa—McDonald's Corp. is working on an alternative for parents who wish their kids would lay off the french fries in Happy Meals—apple slices that can be dipped in caramel. William Whitman, a spokesman for the fast-food giant, Tuesday said a three-market test of the item, called "Apple Dippers," is planned for later this summer. Whitman said it would cost an additional 20 cents to exchange the fries for Apple Dippers. The test comes as food manufacturers and restaurant chains are under increased pressure to improve nutritional values. McDonald's restaurants in the United Kingdom already offer fresh fruit in Happy Meals. Those in Sweden have baby carrots and juice as options.[1]

McDonald's provides an interesting example for change managers to think about. To make these product decisions, McDonald's managers had to evaluate environmental shifts and assess their relevance to the organization's strategy and the probability of its continued effectiveness. The healthy food trend meant that McDonald's needed different products and different approaches to developing and sustaining their markets. McDonald's managers examined the trends and decided that product changes were necessary. We can take the McDonald's example and generalize it to all managers—changes in the internal and external environments provide the important clues and cues for change leaders. Diagnosing and understanding those clues and cues provide the basis for the vision and direction for change.[*]

In this chapter, we focus on the process of organizational change. **How** may a change agent think about making change happen? The chapter sets out frameworks that can help you understand organizations and how you might approach the change challenge. These frameworks, or models, provide explicit, if somewhat simplified, views of organizations. Using these models makes it easier to understand how our organizations work. Then, with this understanding, change is easier to plan and promote.

Each of us has ideas about how our own organization works. For some of us, this *model* is explicit—that is, it can be written down and discussed with others. However, many managers' views of organizational functioning are complex, implicit, and based on their personal experiences. Deep knowledge and intuition about the functioning of your organization is invaluable. However, such knowledge or intuitions are intensely personal, difficult to communicate, and almost

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[*]For more on McDonald's changes, see Big Mac's makeover. (2004, October 14). *The Economist*; Reuters: http://www.reuters.com/newsArticle.jhtml?storyID=8253292; and Carpenter, D. (2006, January 24). *McDonald's profit sizzles.* Associated Press.

impossible to discuss and challenge rationally. As a result, we argue for a much more explicit approach. This chapter and the next will provide you with the means to articulate your unspoken models of how organizations work and to use other models to think systematically about how to change your organization.

Van de Ven and Poole categorize four types of change models that managers use implicitly when thinking about change.[2] These models are (1) life cycle, (2) evolutionary, (3) debate-synthesis, and (4) goal setting.* In other words, many of the assumptions that managers make about change can be captured by these four types. Life-cycle change models assume that there is a prescribed series of steps or stages that must happen. The metaphor of a biological organism helps to explain the concept. Biological entities are born, grow, mature, decline, and die. Organizations can be viewed similarly. Under a life-cycle perspective, change involves natural, linear steps and is beyond the control of the changing entity. That is, change happens.[3] An organization starts as an entrepreneurial venture, grows, becomes mature, and eventually declines under this model.

Evolutionary change is based on Darwin's notions of survival. The conflict between types results in a natural selection process as the organism adapts to its environment. This recurrent competition notion can be seen in some of the literature describing organizational populations and survival rates.[4] Venture capital firms often operate under these assumptions. They know they must fund a number of start-ups. Many or most start-ups will fail, but the few that are significant successes make up for the failures. The conflict between North American automakers and the Japanese ones can also be seen in this context.

Debate-synthesis models suggest that there are opposing sides that are in conflict. When the conflict is resolved, synthesis equilibrium is established until another conflict arises. An example in an organization could be the conflict between an older and younger generation in a family business. Eventually, the younger generation takes over. This new stability lasts until a further conflict occurs. Other examples could involve departments with conflicting goals or the organization itself with goals that collide with other organizations' intentions.[5]

Goal-setting change involves defining gaps between where the organization is and where you want it to be, setting goals and taking action to reduce those gaps, and measuring the results to identify new gaps. Since this book is oriented around planned organizational change, much of the content, particularly the action-planning chapter, relies heavily on goal-setting-related themes. Because of environmental changes, there is a recurring pattern of goal setting followed by action.[6] Many performance management systems are based on a "gap-analysis/goal-setting/action" frame.

These frameworks capture how organizations change, or at least how we think about such change. The personalities of many managers often lead them to follow a goal-setting frame. Their need for power and achievement drives them to action to close perceived gaps in performance and effectiveness. Life-cycle and evolutionary change have an element of fatalism (what will happen will happen)

*Goal setting is named teleological in the literature. Debate-synthesis is called dialectic.

about them, which does not fit easily with an active hands-on approach to change.

While the goal-setting model is simple and appealing, Higgs and Rowland found in one study that having a simple, linear model of change is not as effective as having a more complex view.[7] They claim that there is "relatively clear evidence to support the view that recognition of the complexity of change is important to the formulation of effective change strategies."[8] In this chapter, we move from a relatively simple model of change, Lewin's, to a more complex one, a modification of Beckhard and Harris's model.

While the analysis of the change is complex and often emergent, the type of actions that change leaders may take can be categorized fairly simply into eight sets: (1) changes in mission/purpose; (2) redefinition of strategy; (3) shifts in objectives or performance targets; (4) alterations in organization culture, values, or beliefs; (5) organizational restructuring; (6) technology changes; (7) task redesign; and (8) changing people.[9] Changes in mission/purpose and strategy involve a realignment of the organization with its environment. Alterations in the organization culture, values, or beliefs (including its informal systems and processes) may just be a shift in the internal workings of the organization but could also be in response to environmental demands. Organizational restructuring includes the redesign of formal systems and processes and is perhaps the most common perspective on organizational change where new reporting relationships are developed. Technology changes and task redesign are changes inside the organization affecting how the work is accomplished. People can be changed by altering key competencies; shifting attitudes, values, and/or perspectives; or through adding and/or removing key people from the organization. These broad categories of action suggest simplicity. We caution change leaders against assuming this as the dynamic nature of the organization, and its components make it far from simple.

Can We Differentiate How to Change From What to Change?

The complexity of change can be simplified somewhat by recognizing that there are two distinct aspects of change that must be addressed in any change management situation. Managers must decide both **how** to change and **what** to change. In this chapter, we look at **how** to change, using Lewin's three-stage model of organizational change and a version of Beckhard and Harris's model of change. Then, in the next chapter, we develop an appreciation of **what** to change, describing three models of organizational analysis: the McKinsey 7-S model, the Burke-Litwin model, and Nadler and Tushman's congruence framework. As well, we outline Sterman's systems dynamic model, Quinn's "Competing Values Model," Greiner's model of organizational growth, and Nadler and Tushman's differentiation of incremental and strategic change.

The example below highlights the difference between the **how** and **what** of change. Imagine that you are the general manager of a major hotel chain and you received the following customer letter of complaint:

A Letter of Complaint

Dear Sir,

As a customer of yours, I wanted to provide you with our experiences at ATMI, your London, England, hotel.* Since that time, I have reflected on my experience and finally decided I needed to provide you with feedback—particularly given your promise on your Web site—the Hospitality Promise Program.

My wife and I arrived around 10 PM after a flight from North America and the usual tiring immigration procedures, baggage check, and finding our way to your hotel. The initial greeting was courteous and appropriate. We were checked in; the desk person asked if we wished a room upgrade. After I clarified that this would cost money, I declined that proposal.

We then went to our room on the 3rd floor, I believe, and discovered it was a disaster, totally not made up. I phoned the switchboard and was put through to reception immediately. There were profuse apologies and we were told that someone would be up immediately with another key.

Within 5 minutes, someone did meet us with a key to a room on the 5th floor, a quick, fast response. However, when we got to the new room, it was not made up!

Again I phoned the switchboard. The operator said, "This shouldn't have happened. I will put you through to the night manager." I said that was not necessary, I just wanted a room. However, the operator insisted and I was put through to the night manager. Again, there were profuse apologies and the manager said, "This shouldn't have happened. I will fix this and get right back to you." I indicated that I just wanted a room—I didn't want the organization fixed, just a room. The manager repeated, "I will get right back to you."

We waited 5, 10, 15 minutes. Inexplicably, the manager did not return the call even though he said he would.

Finally, around 20 minutes later, I phoned the switchboard again. I said we were waiting for a room and that the night manager had promised to call me back. The operator said, "This is probably my fault as I was doing work for the assistant manager." I did not and do not understand this part of the conversation, but again, I was told that they would call right back. Again, I repeated that "I just need a room."

I waited another 5 minutes—it was now 11PM at night and we were quite tired—there was no return phone call.

My wife and I went down to reception and after a brief time were motioned forward by the person who registered us initially. I explained that we needed a room. He said, "You were taken care of. You got a room." I stated that no, I did not have a room, I just had two rooms that were not made up and we needed a clean one for the night.

Again there were profuse apologies. The reception person then said, "Excuse me, just for a moment, so I can fix this." I said, "Really, I just would like a room." The person at the reception desk went around the corner and began to berate someone working there. This went on for several minutes. He then returned to his station, called me forward again, apologized again, and located a third room for us. As well, he gave us coupons for a complimentary breakfast.

(Continued)

* The hotel name is disguised.

(Continued)

This third room was made up. It was "more tired" than the previous rooms, but it was clean and we were delighted to find a spot to sleep.

In the middle of the night, as is the norm in many places, the invoice was delivered to our room. To our surprise, a 72 £ charge was added to the price of the room for a "room change."

Of course, early the next morning, I queued up to discuss this charge. The same reception person was still on duty. He motioned me forward and then immediately left to open up all the computer stations in the reception area. He had a tendency to not make eye contact. This may have been a cultural phenomenon, or it may have been his dismay at having to deal with me again. I cannot say.

I showed him the invoice. He said, "Oh, there will be no charge for that room." I said that I was concerned as the invoice did show the charge. He said, "It is taken care of." I said, "Regardless, I would like something to prove that there will not be another charge to my credit card." After one further exchange and insistence on my part, he removed the charge from my invoice.

My wife and I had a pleasant breakfast and appreciated it being complimentary.

We thought that you would want to know of our experience. Customer service is a critical part of the hospitality industry, and I am certain that ATMI would wish feedback on experiences such as these.

I am interested in such things and look forward to your reply.

Yours truly,

The list of things done wrong and the organizational issues that exist are extensive. Identifying this list of **what** needs attention is relatively easy. The desk clerk has twice assigned rooms that were unmade. This implies system issues—the system to capture the state of the rooms is either nonexistent or not working. One wonders if there is a quality-control person signing off on rooms. There are managerial issues—a manager promises to get back to a customer and doesn't. There are organizational culture issues—the excuses by the switchboard operator and yelling by the reception person. There are further system issues or customer service problems as indicated by the 72 £ charge for a room change. There are some service-training issues—the responses by the reception person were variable. He was quick to send up a second room key but left the customer standing while he turned on computers. And he was reluctant to reverse the extra room charge. There is some hint that there may be other cultural issues that are pertinent. Perhaps you could list more things that are organizationally wrong.

What is not clear is **how** the general manager should proceed with needed changes. If the computer system for tracking room availability does not exist, then it is relatively simple to create and install one. However, if the system exists but is not being used, how does the general manager create change? Closer supervision might work, but who can do that and who will pay for it? Even more difficult are the organizational and other cultural issues. The norm appears to be to make excuses and to "berate" others when things go wrong. You can tell people that these behaviors are inappropriate, but how does one persuade employees not to respond this way—particularly when employees have been acting in this way and found it satisfactory? And how will the general manager know if and when the changes are implemented? Is there a system in place to track customer satisfaction? Employee satisfaction? Are these systems worth the cost they impose on the organization?

Clearly, managers must know what needs to change. However, how to go about making change happen requires careful thought and planning. The models provided below will help us think about change and how we can make it happen.

How to Change

As suggested above, many leaders know what they need to achieve; they just don't know how to get there. An examination of competitor initiatives and accomplishments provides cues as to what is needed—but moving one's own organization to successfully addressing these needs often defeats us.

Why is it so difficult to accomplish change? One of the common causes lies in practices that have proven effective in the past, and this is often referred to as the "failure of success." Organizations learn what works and what doesn't. They develop systems that exploit those learnings. They establish rules, policies, procedures, and decision frameworks that capitalize on the success. Further, they develop patterned responses (habits), assumptions, attributions, and expectations that influence the ways they think about how the world works.[10] These beliefs and engrained responses form a strong resistant force, which encourages organizations and people to maintain old patterns regardless of feedback or input suggesting that they are inappropriate. In many respects, this is where the questions of what to change and how to change intersect.

Charles Handy describes some of these dilemmas by examining the pattern of success over time.[11] As he so aptly describes, too often "by the time you know where you ought to go, it's too late." He describes a "sigmoid" curve that outlines where you should begin changing and where it becomes obvious you need to change. (See Figure 2.1.) This curve depicts the outcomes or outputs of a system—a curve that increases during early-stage development and growth phases, flattens at maturity, and shifts into decline over time. Consider the path tracked by successful technological innovations. Once they can demonstrate their value to key early adopters, sales take off, as others see the benefits of the innovation and begin to adopt it as well. Patents and proprietary knowledge provide some protection, but over time, competitors launch similar products, profit margins become squeezed, and sales growth slows due to increased competition and the level of market saturation. This leads to a flattening of the curve, referred to as the maturity phase. Decline follows, as the market becomes increasingly saturated and competitive, and this decline accelerates with the arrival of a new, disruptive innovation that attracts customers away from the existing product. Think of what happened to the VCR players when DVD players arrived on the scene, and consider how prices have fallen for DVD players in the face of competition.

The costs of change are real, while the benefits of change are uncertain. By holding off investing in change, you can improve your profit in the short run. However, if conditions change and you fail to adjust in a timely fashion, you can quickly find yourself lagging your competitors, scrambling to adapt and catch up. If you wait too long, you may find it impossible to do so.

By the time the system reaches point A, the need for change is obvious, but it may also be too late for the organization to survive without experiencing significant trauma. Positive planned change needs to be commenced sooner in the process—before things deteriorate to a crisis or disaster stage. Unfortunately, change typically comes with costs that appear to lessen the positive outcomes in the short run. As many of us know, convincing anyone that they should incur short-run costs for longer-run benefits is a difficult selling task—particularly when things are going well. This is depicted as the shaded space between the solid and dotted lines beginning at B in Figure 2.1. The costs of change appear certain and are tangible. But the benefits are uncertain and often vaguely defined. The time after point B is a time of two competing views of the future—and people will have difficulty abandoning the first curve (the one they are on) until they are convinced of the benefits of the new curve. In concrete terms, creating change at point B means you must convince others, including your boss, about the wisdom of spending time and money now for an uncertain future return.

How to change is difficult because identifying and demonstrating the need for change is not obvious. If you have a system that appears to be working, why on earth change for an unproven new one that promises something better? Many of us have experience adopting new technologies or approaches that fail to deliver on the explicit or implied promises—is it any wonder we are skeptical?

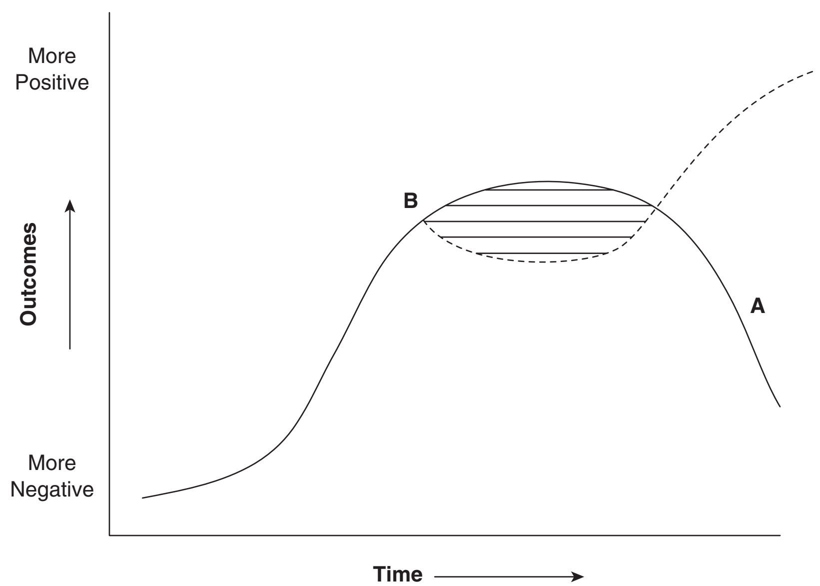

Figure 2.1 The Sigmoid Curve

Lewin's Model of Change

Sixty years ago, Kurt Lewin[12] wrote about the problem of how to bring about change. He described a three-stage model of change:

Unfreeze → **Change** → **Refreeze**

Lewin stated that we need to understand the situation and system as a whole as well as the component parts that make up the system. Before change can occur, an unfreezing process must happen within that system. This focuses on the need to dislodge or upend the beliefs and assumptions of those required to participate in the change, and engage in systemic alterations to the status quo. The unfreezing process might occur because of some crisis. For example, a major government cutback to a funded social service agency or new competitive products that are attacking the major profit producers of a private enterprise might be sufficient shocks to these organizations to "unfreeze" the patterns. In both examples, the balance in the system must be disrupted or broken in order to permit conditions for change to develop. Some top managers even talk about "creating a crisis" in order to develop the sense of urgency around change.[13]

When this unfreezing occurs, the systems and the people who are embedded in those systems become susceptible to change. Systems and structures, beliefs and habits, become fluid and thus can shift easier.

To illustrate Lewin's model, refer back to the Letter of Complaint above and examine the comments below.

Unfreeze

Will this letter of complaint be sufficient to "unfreeze" the general manager and move her to action? If this is a single letter, it is highly unlikely that change will occur. If complaints are common for this hotel, this may be seen as just one more letter in a pile—background noise in running the hotel. The letter suggests that this may be an airport hotel in London, England. The location of the hotel may be such that customer service shortfalls may not make a difference to occupancy rates, whereas minimizing costs would be crucial to the hotel's profitability. In all the above scenarios, no unfreezing would take place.

However, this letter may represent an initiative that captures managerial attention and promotes action. The general manager may be facing declining occupancy and view this letter as a signal of where problems may lie. A comparison with other hotels on measures of profitability and customer satisfaction may demonstrate a dramatic need for change that the letter foreshadowed. In this situation, the general manager's views on the existing system are more likely to be unfrozen and she would be ready to change.

Note that the unfreezing must take place at many levels. The general manager may be ready for change, but the person at the reception desk may think things are just fine. His perceptions need unfreezing as well! The integration and interdependence of systems and people require us to think about the unfreezing of the organizational system as a whole.

Change

Assume that the general manager accepts the need to improve the specific system that indicates that rooms are ready. She must now decide on what needs to be changed to bring about the needed improvements. She could begin by using the options mentioned earlier in this chapter. For example, she could hire a quality-control person who is charged with inspecting and certifying all rooms before they are entered into the system as "ready to use." Some computer programming may need to be done so that rooms are flagged when they are ready or not ready, and the quality-control person may be given responsibility for managing that flag subsystem. The quality-control person will have to be recruited, hired, and trained if he or she cannot promote an appropriate person from within. Once the room-quality system has been designed and needed procedures are in place, all reception people will have to be trained. This change could be done participatively with the involvement of staff, or the general manager could have it designed and order its implementation. The change process would be reasonably complex, involving a number of people and systems.

During this phase, there would be considerable uncertainty. The new system could well be ready before the quality-control person is hired and trained. Or the reverse—the person may be hired and trained but the room-quality system is not ready. Employees may see opportunities to improve what is being proposed and make suggestions regarding those improvements. Regardless of the specifics, the system would be in flux.

In addition to a quality-control person alternative, many other possible solutions exist—some may be much more participative and job enriching than the above. The questions the general manager must answer are which alternatives will be selected, why, and how will they be implemented (who will do what, when, where, why, and how).

Refreeze

Once the changes are designed and implemented, employees will need to adapt to those changes and develop new patterns and habits. The new flag system will alter how those at reception and in housekeeping do their work. They may informally ask the quality-control person to check certain rooms first, as these are in higher demand. The general manager will follow up to see how the system is working and what people are doing. New reporting patterns would be established, and the quality-control person may begin passing on valuable information to hotel maintenance and housekeeping regarding the condition of particular rooms. At this point, the system settles into a new set of balances and relative stability. With this stability comes refreezing, as the new processes, procedures, and behaviors become the new "normal" practices of the organization.

What do we mean by this notion of relative stability and predictability that comes with refreezing? It stems from the observation that organizational systems, composed of tasks, formal systems, informal systems, and individuals, develop an interdependent state of balance over time called homeostasis. Perturbations or shifts in one part of the system are resisted, or swings away from balance are countered and balance is regained. As we have suggested earlier, managers may introduce change initiatives only to have those initiatives fail because of existing systems, processes, or relationships that work against the change. Planned changes in structures and roles may be seen as decreasing the power and influence of informal groups, and these groups may react in complex ways to resist change. For permanent change, a reconfiguration is needed and new points of balance or homeostasis developed.

The image of a spider's web can help to picture the phenomenon. That is, view the organization as a complex web of systems, relationships, structures, assumptions, habits, processes, and so on that become interconnected and interdependent over time. Altering one strand of the web is not likely to significantly alter the pattern or overall configuration. What is needed is a breaking of many interconnected items—the "unfreezing" in Lewin's terms.

This simple model has stood the test of time. Change agents find it useful both because of its simplicity and because it reminds us forcefully that you can't expect change unless the system is unfrozen first! We may need other, more complex models of the organization to be able to think through what must be unfrozen and changed, but Lewin forces us to recognize the rigidity that comes with stability and interconnectedness within existing systems, relationships, and beliefs.

However, several concerns prevent us from wholeheartedly embracing this model. First, the model suggests that change is simple and linear. The reality is that change tends to be complex, interactive, and emergent. Second, the creation of the need for change deserves more attention. It is not merely moving individuals away from their assumptions that are required. Rather, they need to have a vision of a future desirable state. Finally, the model implies that refreezing is acceptable as a frame of mind. This seems problematic. In today's rapidly changing world, organizations find that pressures to adapt mean they are never "refrozen"—and if they are, they are in trouble. However, at one level, leaders know that without a degree of refreezing, that is, some stability, efficiency is impossible. Without stability, it is difficult to establish coherence of direction and purpose. Each organization member could claim primacy of direction for their local area without regard for an overarching vision (particularly, as they do know local conditions best). On the other hand, organizations that freeze too firmly may fail to thaw when new markets and customers appear. They may refuse to incorporate feedback in making useful changes. Continuous improvement programs may appear faddish, but they reflect a realistic view of what is needed for a dynamic environment because they enhance an organization's adaptive capacity. Thus, there is concern with the image created by the word "refreeze" as this is likely too static a condition for our long-term organizational health.*

Beckhard and Harris's Change Management Process

An alternate model of **how** to change is outlined by Beckhard and Harris.[14] We have modified their model slightly as shown in Figure 2.2. The change process begins with an assessment of why change is needed. Following the recognition of the need for change, change leaders are faced with the task of defining and describing

*In discussions with managers and students, we often find the phrase "regelling" to have some appeal as a compromise between total fluidity and excess rigidity.

the desired future state in contrast to the organization that exists now (the present state, in their terms). This allows leaders to identify the gap between where we are now and where we want/need to go. The vision, contrasted against the present, allows change leaders to address how they propose to close the gap. This discussion of how to get from the present to the desired future state represents the action or implementation stage. The final step in the change process is to manage the transition. As presented, this model provides a framework for this into which the chapters in this book can be slotted.

Determining the need for change is the unfreezing part of Lewin's model. Note that Beckhard and Harris challenge the assumption that change is required—that is, they ask, "Is there a choice about making a change?"

Figure 2.2 The Change Management Process

Many assume that the need for change is easily recognizable, obvious, and evident from the environment. Of course, nothing could be further from the truth. Things are as they are because people have found that, in general, the situation works. Perhaps it is a statement of the obvious, but if people were really dissatisfied with the situation, they would recognize the need for change strongly enough to begin searching for some form of action. If they are prepared to accept or tolerate the status quo, then they are likely in one of four conditions: (1) relatively satisfied, (2) not dissatisfied to the point of being provoked to look for alternatives, (3) believing that nothing can be done, or (4) believing that the costs of changing are such that they choose not to make those changes. Many workers at Wal-Mart have voiced unhappiness about such things as pay levels and hours of work for years, but most have never taken the steps required to unionize. The costs and risks seem to have been viewed as too high relative to the potential benefits.*

It is important to understand that the perception of the need for change is exactly that—a perception. And just because we hold that perception does not imply that others will hold it or agree. We often fall into the trap of thinking that the other person simply does not understand the situation. Thus, we believe that if we explain things, that person will change his or her mind. That might work, but the other person could well have a different set of objectives or a set of experiences, assumptions, and beliefs that leads him or her to a different view of the situation. As a result, it is dangerous to assume that what they want (or believe needs to be done) will be achieved by achieving the change you want. They may see no need for change or believe that they don't have to change.

Managers sometimes make the mistake of assuming that once they are convinced, others will easily understand and be convinced as well. Even if others in the organization could be convinced, it ignores the lag that will occur as the message moves through the organization. For example, senior managers may well be aware of a significant competitor threat, a new product, or service delivery model that will hit the market soon. They begin to respond with change plans. However, most employees may not have any awareness of what the competitor is doing. From their perspective, things are fine—in fact, they may well be very busy meeting current product demand. Asking them to think about changing what they are doing will be a hard sell. The lags in information flows require change managers to recognize the need to bring employees along with them, persuade them of the importance of changing now—not continuing with previous patterns and procedures.

The description and analysis of the present state and the definition of the future state lead to a gap analysis—an image of the differences in specific terms. Too often, our analysis results in nonhelpful gaps. For example, a manager may conclude that morale is low. This description does not lead easily to action plans. Instead, the root causes of the morale issue need to be understood. Why is morale low? Is it pay? Is it management style? Working conditions? Each of these descriptions is more powerful and useful in moving to change, and each suggests a different course of action.

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*One of the risks is that Wal-Mart will close the store that unionizes. The closing of the Jonquiere, Quebec, store is an example of this. You can find more on this at: http://www.economist.com/displaystory.cfm?story_id=3706455.

In Chapter 3, several frameworks are described that will help us to develop a more sophisticated checklist for organizational diagnosis. If we get the diagnosis wrong, it is highly likely that we will take inappropriate action. The gap analysis allows change leaders to more clearly address the question of why change is needed and to articulate the vision for the change (Chapter 4). The analyses of formal and informal dimensions of the organization, the various stakeholders, the recipients of the change, and the change agents themselves (Chapters 5 to 8) help to complete our understanding of the situation and the gaps we need to pay attention to.

Beckhard and Harris's "getting from here to there" and "managing during the transition state" phases of the change model involve action planning and implementation. These topics are dealt with explicitly in Chapter 9. Action planning appears linear and straightforward. Unfortunately, in today's complex organizations, most change is neither linear nor straightforward. Managing change while one is operating the organization is difficult. As a result, transition management is an important subject.

Understanding the success of the particular organizational changes we are trying to achieve depends on our ability to measure such change. In Chapter 10, we examine the difficulty of change measurement and suggest how change agents can improve in this area.

If we return to our hotel case example, we can apply the Beckhard and Harris model.

Why Change?

The general manager who received the above letter may have very good reasons for not responding and changing. The hotel may be in the midst of a computer systems modification and is overwhelmed with other changes. Or the general manager may have a tracking system that indicates that most hotel guests are very satisfied and that this is an unusual occurrence. Or there may be personal reasons—the general manager may have a set of cost objectives and view change as leading to increased costs. Or the general manager may see himself or herself as exiting the organization and believe that such change efforts could have an adverse impact on her career.

Even if the general manager accepts the need for change, the employees may not. At this point in time, they know nothing about the letter. They likely feel that their performance is good and no change is needed. They may have a manager who doesn't follow up on directives, and thus, they could believe that no action is necessary. Or they may be involved with learning other aspects of their job and don't have time to attend to these customer issues. The challenge for the change leader is to articulate "why change" in ways that increase the likelihood that key stakeholders will understand why change is needed. Gap analysis and visioning are important tools in addressing this challenge.

Gap Analysis

The present state has several dimensions that could be addressed. The following gaps seem to exist:

- A gap in information of room readiness between what is actually ready and what is showing
- A gap between what managers say they will do and what they actually do
- A gap between the appropriate bill and the bill given to the customer
- A gap between the desired interpersonal relationships between employees and that which seems to exist
- A gap between the desired handling of hotel guests and that which occurred

Each of these gaps could require different action plans for change. And careful analysis may demonstrate that there is a more fundamental underlying issue that needs to be dealt with. For example, if the organization culture has evolved to one that is not focused on customer care and relationships, the individual gaps may be difficult to correct without a more systematic approach. This gap analysis then needs to be used by change leaders to frame the vision for the change. This vision plays a critical role in helping others understand the gap in concrete terms by contrasting the present state with the desired future state.

Getting From Here to There

This section in the Beckhard and Harris model is similar to the "change" section under Lewin's model. Here, we specify the specific actions needed for the change. Several planning tools could be used (see Chapter 9). If we, as general manager in our hotel case example, decided that the issue to be tackled was a computer systems issue, we may plan the following steps:

- Discuss the need for change, the gap analysis, and the vision for change with involved staff to develop a consensus concerning the need for action.
- Form a users' task force to develop the desired outcomes and usability framework for the new system.
- Contact internal information systems specialists for advice and assistance on improving the organization information system.
- Identify the costs of systems changes, and decide which budget to draw on or how to find the capital funds needed for the system changes.
- Approach Purchasing in order to submit a "request for proposal" so that systems suppliers could bid on the proposed system.
- Contact Human Resources to begin staffing and training plans.

This example list lays out the actions needed to accomplish the change. In Chapter 9, tools will be identified that will help you in your planning. For example, there are tools to assign responsibilities for different aspects of projects, and others will ask you to consider contingency plans.

In Chapter 9, you are also asked to consider how to manage during the transition. Organizations usually don't stop what they are doing because they are changing! That is, if you are manufacturing something, that often has to continue in spite of modifications being made to assembly lines. In our hotel example, rooms will need to be made up, allocated, and assigned while the system is being modified.

In particular, receptionists will need to ensure a seamless transition from the old to the new system. In many system changes, parallel systems are run until the bugs in the new system are found and corrected. Hotel receptionists need to be trained on the new system. How and when that will be done in this transition is part of the managerial challenge during the transition state.

The final aspect of the model deals with the measurement of change and the metrics used in that measurement. How will the general manager know that the changes implemented are working? You can measure inputs easily—the number of hotel receptionists who are trained on the new system. But management will also need to track the number of times rooms are misallocated. This is a more difficult problem because the staff could be motivated to pervert such a system if the results of the system could put the staff in a negative light.

Models such as the Beckhard and Harris one improve change managers' abilities to plan and implement organizational change. They provide a straightforward framework that lays out a linear process for change. It helps us to think in causal terms—if I do this, it will result in what I want. Underlying the model are goal-setting assumptions flowing from the gap analysis. The power dynamics of an organization may be such that a top-down, traditional managerial approach is not appropriate. Perhaps a more decentralized, emergent approach would work better. Careful analysis will be needed to recognize the biases inherent in the model.

At the same time, the model risks having change managers oversimplify the challenge. Cause-effect analysis is complex because organizations are nonlinear, complex entities. An overreliance on straightforward linear thinking can lead to errors in judgment and unpleasant surprises. Organizations are more surprising and messier than we often assume. The subsequent chapters of this book, particularly Chapter 3, will help change leaders to avoid thinking simplistically.

Coordination and control of change appears straightforward using the Beckhard and Harris model. The reality is that organizations often undertake multiple change projects simultaneously. For example, a factory may be shifted toward a focused factory model while a continuous improvement process is being developed, while other parts of the organization are being restructured. Different managers are working on different change projects to make things better. Under such complexity, control is difficult and likely involves multiple layers of authority and systems.

The models of Chapter 3 will help us to think in more complex, anticipatory ways to avoid those negative surprises. Nevertheless, outlining clear stages in the change process by using the Beckhard and Harris or a similar model assists in our own logic.

Summary

This chapter outlines four categories of models used to understand thinking about organizational change: life cycle, evolutionary, goal setting, and debate-synthesis.

Successful change management therefore requires attention to both process and content. To focus on this, the chapter differentiates **what** needs to be changed from **how** change should be accomplished.

Lewin's unfreeze-change-refreeze model is described as a process model of change and is applied using a customer complaint letter received by a hotel general manager. The Lewin model emphasizes the need to unfreeze the organizational system before change is possible. While the Lewin model is straightforward and simple, these characteristics make the model less suitable for the complex, dynamic emergent processes that organizational change normally entails.

As a result, a modified version of the Beckhard and Harris model is presented as a process model that will help change leaders to plan how to make organizational changes. The model forms the framework for this book, and the chapter sequence is laid out in the model. The Beckhard and Harris model is elaborated, and the same hotel case situation is analyzed to enable the reader to contrast the two models.

Glossary of Terms

The How and What of Change

The **"How"** of change relates to the process one uses to bring about change.

The **"What"** of change relates to the assessment of what it is that needs to change—in other words, the content of the change.

Sigmoid Curve

The Sigmoid Curve describes the normal life cycle of something. If we think of it in terms of a product or service, the initial or lag phase is the time at which it attempts to gain traction through market acceptance. Once it becomes accepted, a period of growth occurs, characterized by acceleration, and than deceleration as the market becomes more competitive and it reaches maturity. As competition mounts and the market becomes saturated, decline ensures. Decline can also be precipitated by the arrival and acceptance of a superior product or service. The only things that will differ are the slope and height of the curve and the time required to get to different points on the curve.

Lewin's Model of Change: Unfreeze-Change-Refreeze

Unfreeze—The process that awakens a system to the need for change—in other words, the realization that the existing equilibrium or the status quo is no longer tenable.

Change—The period in the process in which participants in the system recognize and enact new approaches and responses that they believe will be more effective in the future.

Refreeze—The change is assimilated and the system reenters a period of relative equilibrium.

Beckhard and Harris's Change Management Process

Organizational Analysis—The stage in the process used to understand the forces for change and the reasons why the organization is performing as it currently does.

Why Change—The stage of the process in which the need for change is determined and the nature of the change or vision is characterized in terms others can understand.

Gap Analysis—The identification of the distance between the desired future state and the present state at which the system operates.

Action Planning and Transition Management—The stage of the process in which plans are developed for bridging the gap between the current mode of operation and the desired future state and the means by which the transition will be managed.

Measuring the Change—The measures you will use to help you know where you are in the change process and the level of success achieved.

END-OF-CHAPTER EXERCISES

TOOLKIT EXERCISE 2.1

Interview a manager who has been involved in change in his or her organization. Ask him or her to describe the change, what he or she was were trying to accomplish, and what happened.

After the interview, describe the processes of the change. That is, **how** did the managers work to make things happen? Who did they involve? How did they persuade others? What resources did they use?

As well, describe **what** was being changed. Why were these things important? How would it help the organization?

Which was more important: how things were changed or what was changed?

Be prepared to share the results of your interview with others.

Notes

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