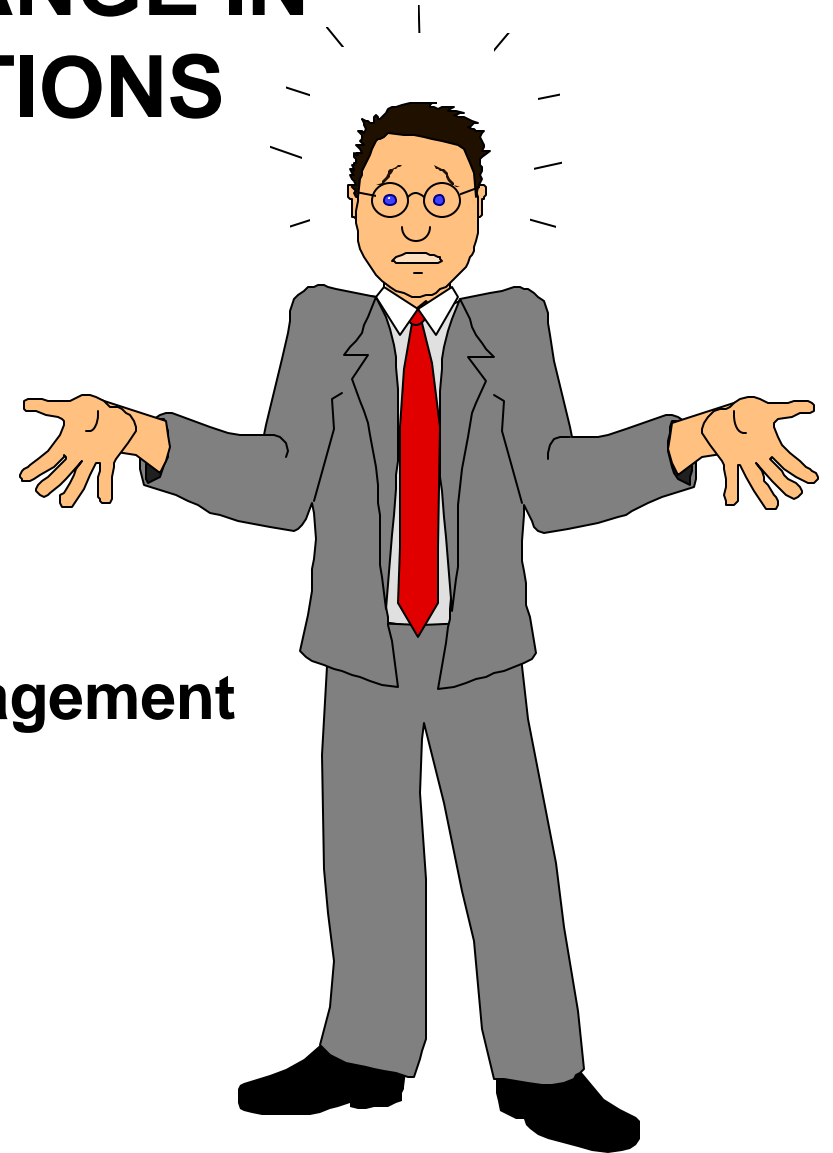
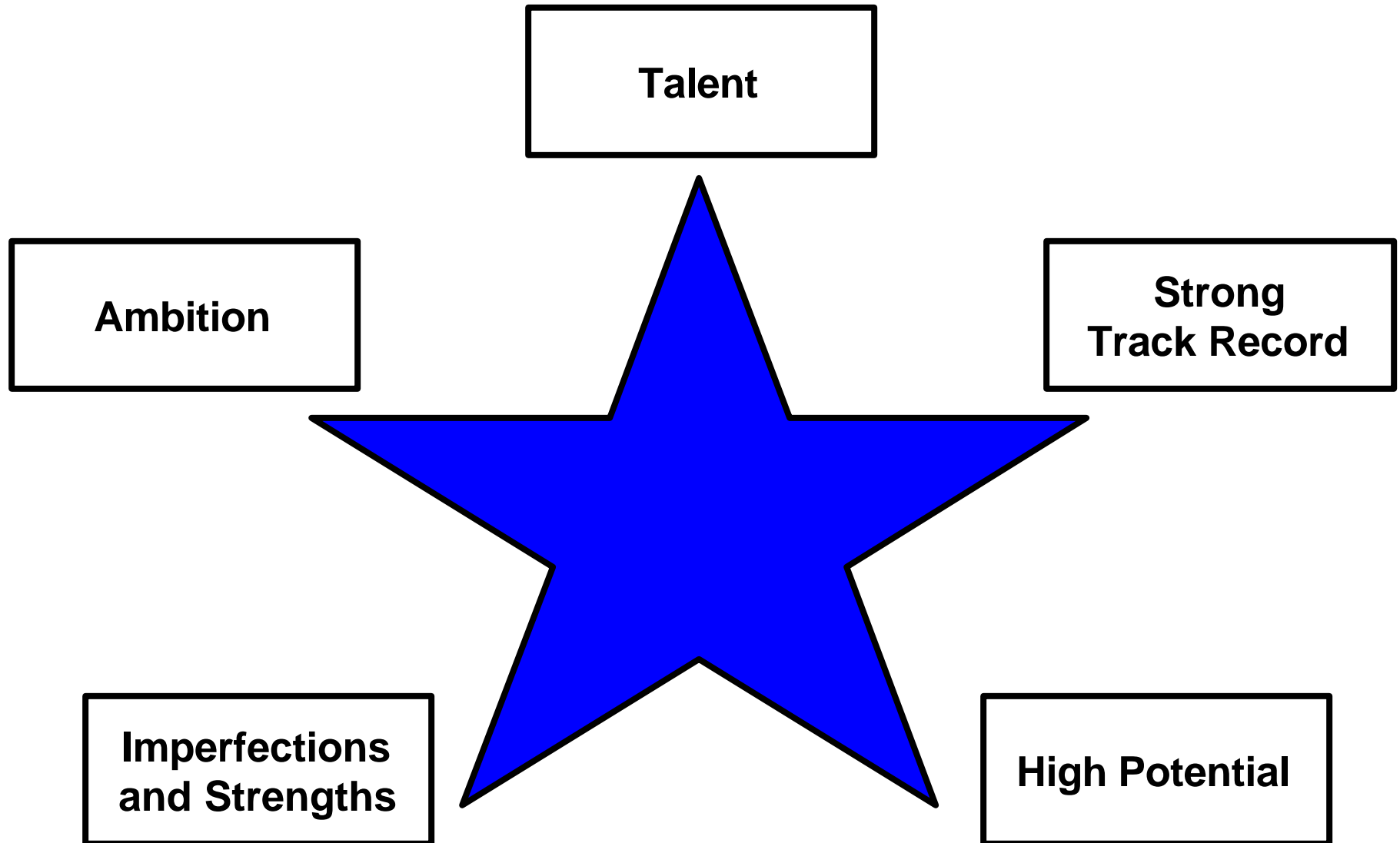


LEADING CHANGE IN ORGANIZATIONS

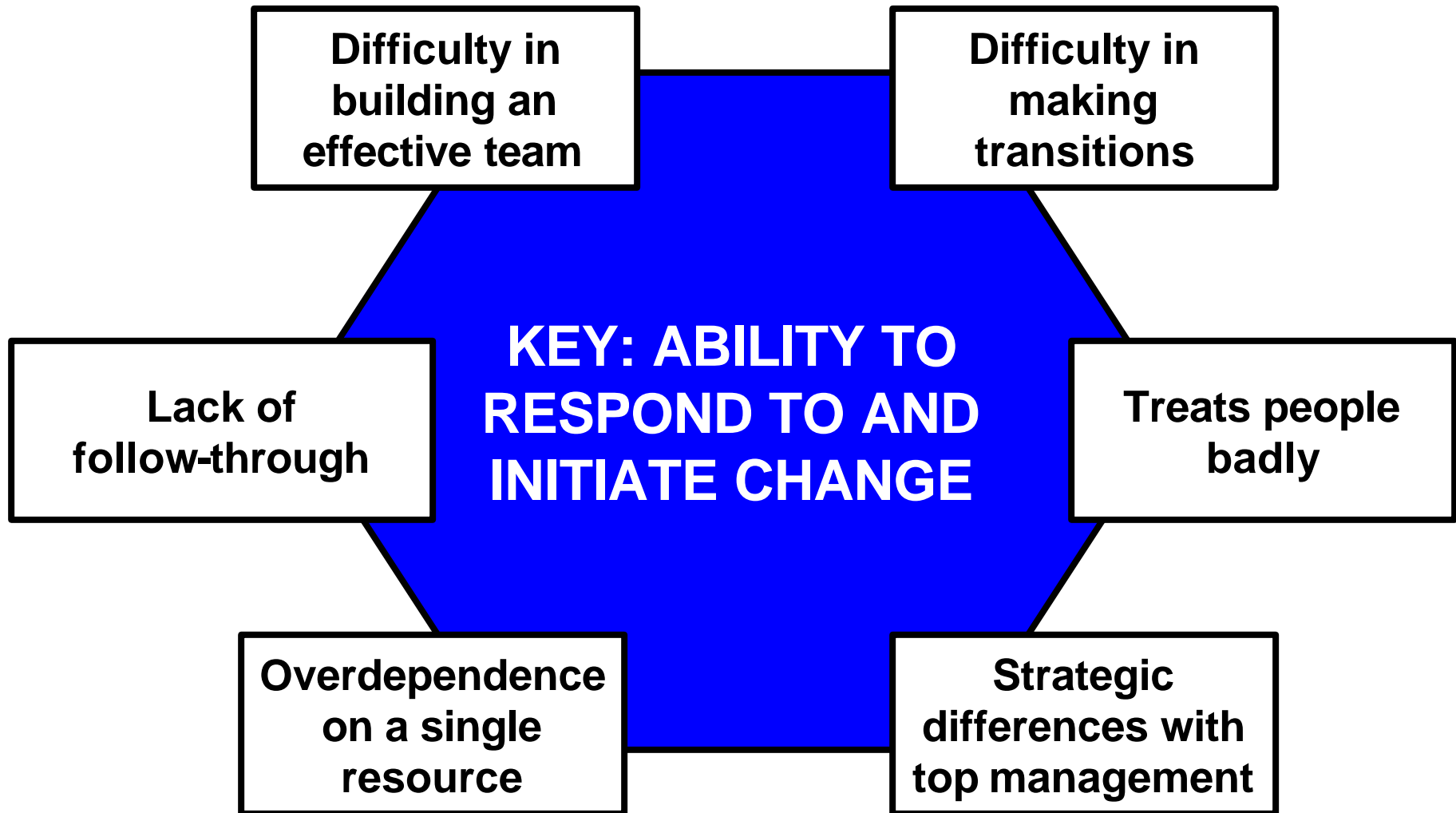


Professor Ranjay Gulati
Kellogg Graduate School of Management

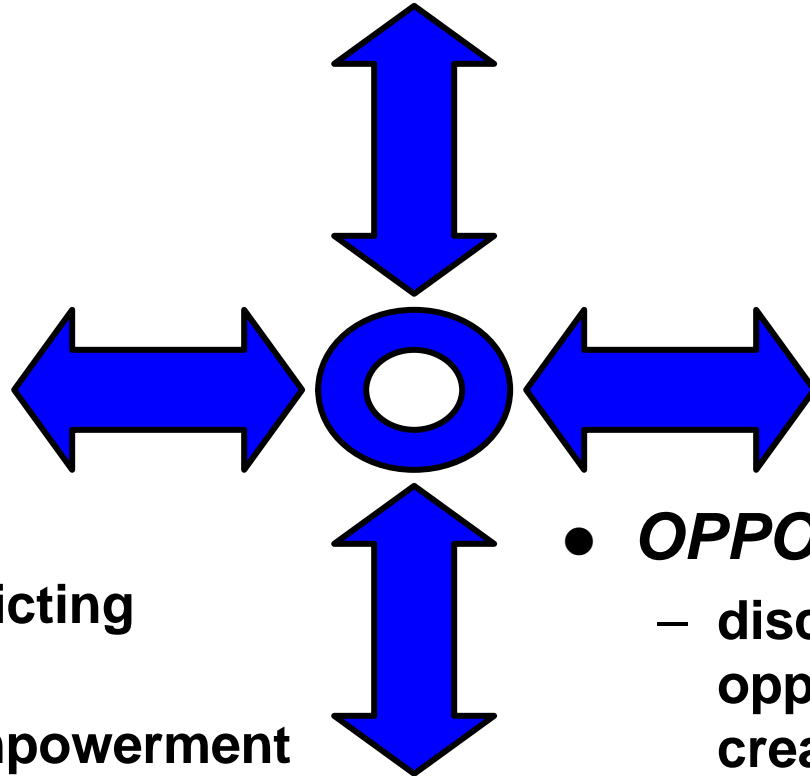
SIMILARITIES: ON-TRACK VS. DERAILED



DIFFERENCES: WHY MANAGERS DERAIL



THREATS AND OPPORTUNITIES FROM BEING IN THE MIDDLE



- ***THREATS***

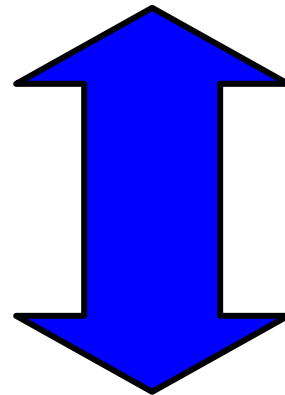
- victim of conflicting demands
- growing disempowerment
- responsibilities exceed authority
- lack of appropriate skills to operate
- in the middle

- ***OPPORTUNITIES***

- discover new opportunities for creating value
- build visibility and power
- experience enhances critical skills

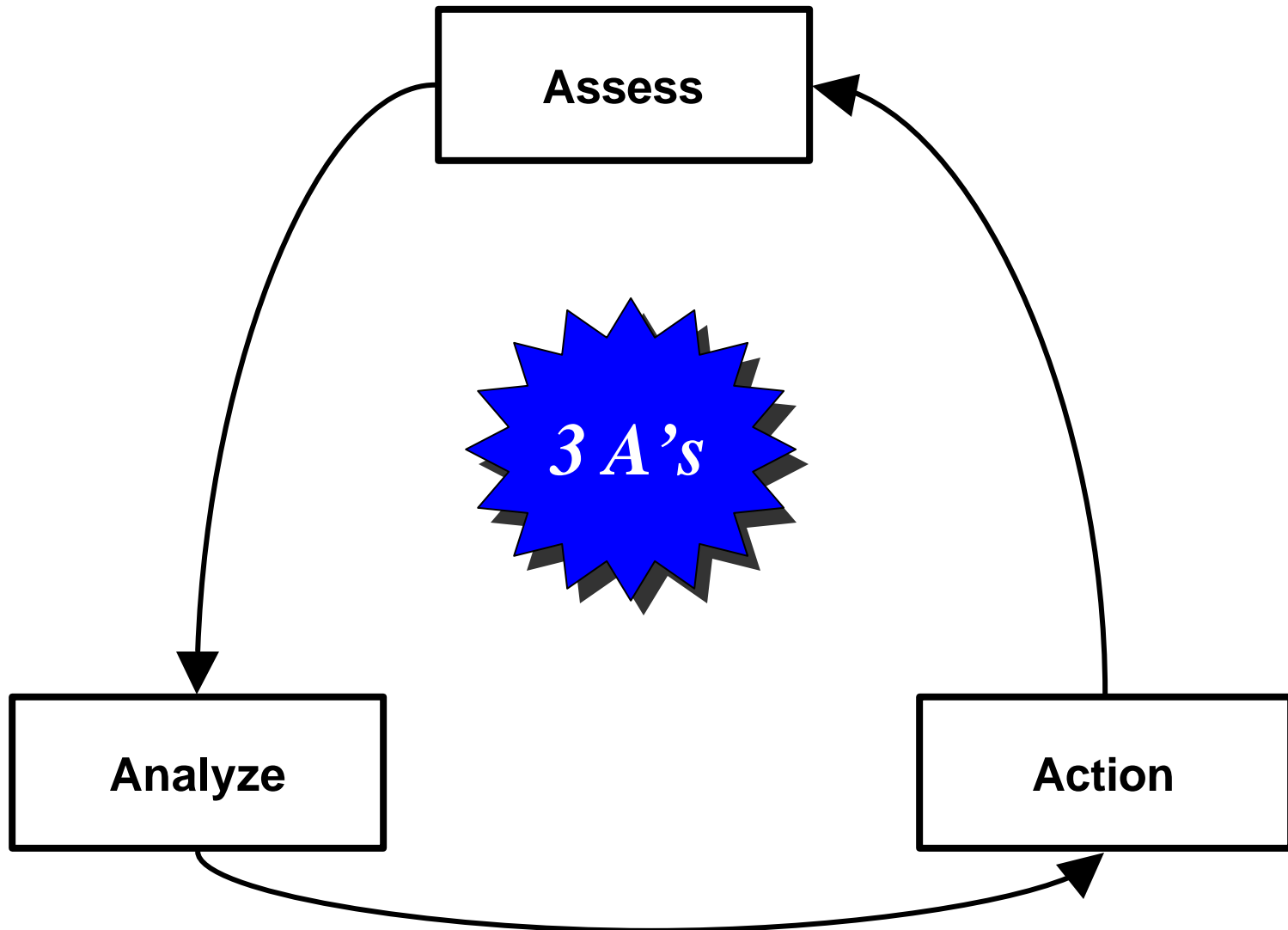
MULTIPLE ROLE IN ORGANIZATIONS

Followership

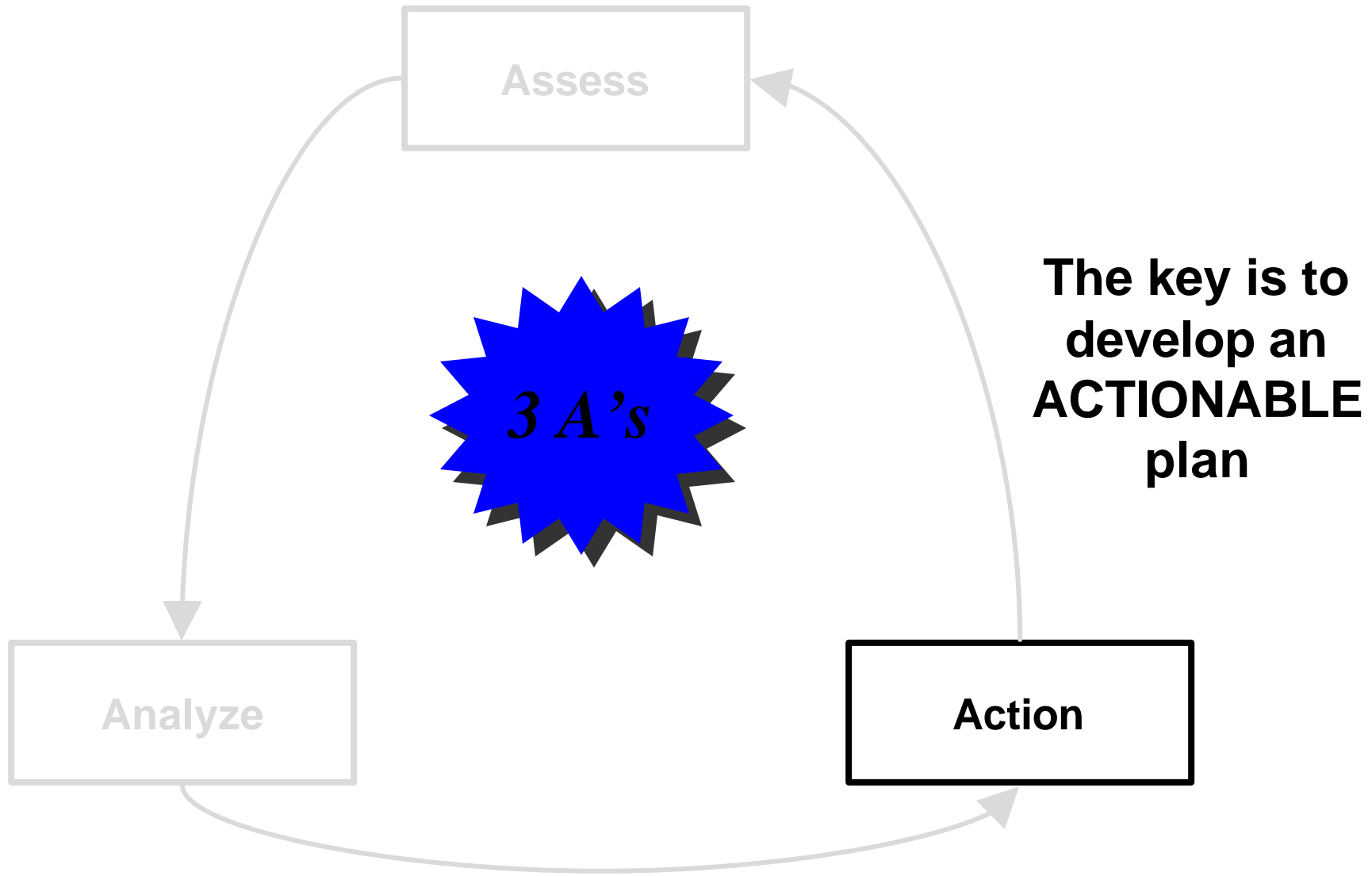


Leadership

OVERVIEW FOR MANAGING CHANGE



OVERVIEW OF CHANGE



AGENDA

Key elements of a REAL CHANGE LEADER

- Resistance Breaker
- Power Broker
- Negotiator

Leading Change

- Creating a successful change process

Leadership and Management

AGENDA

Key elements of a REAL CHANGE LEADER

- **Resistance Breaker**
- Power Broker
- Negotiator

Leading Change

- DMP model: Strategic, organic, and market change

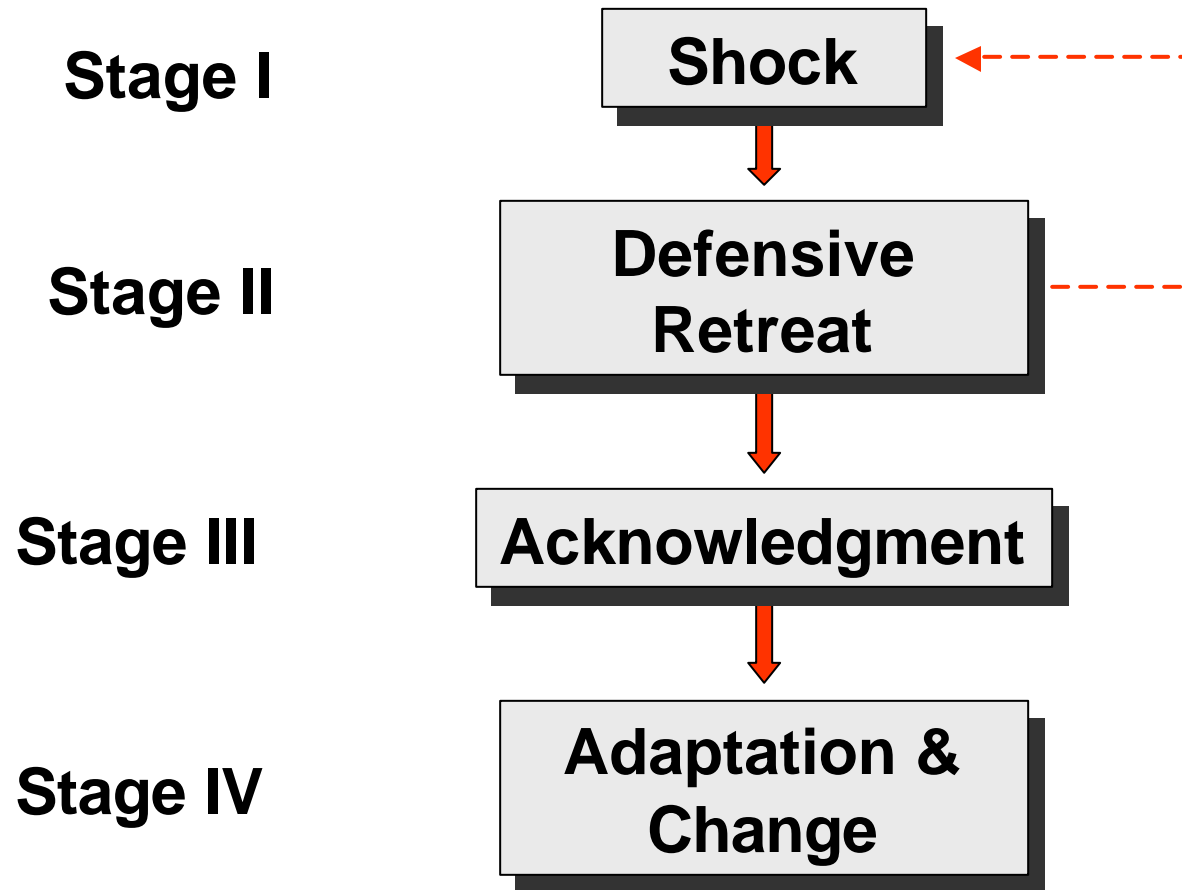
Leadership and Management

WHY IS CHANGE SO HARD?

*Change is hard because people **OVERESTIMATE** the value of what they have, and **UNDERESTIMATE** the value of what they may gain by giving that up*

Anonymous

RESISTANCE TO UNANTICIPATED CHANGE PERSONAL TRANSITION STAGES

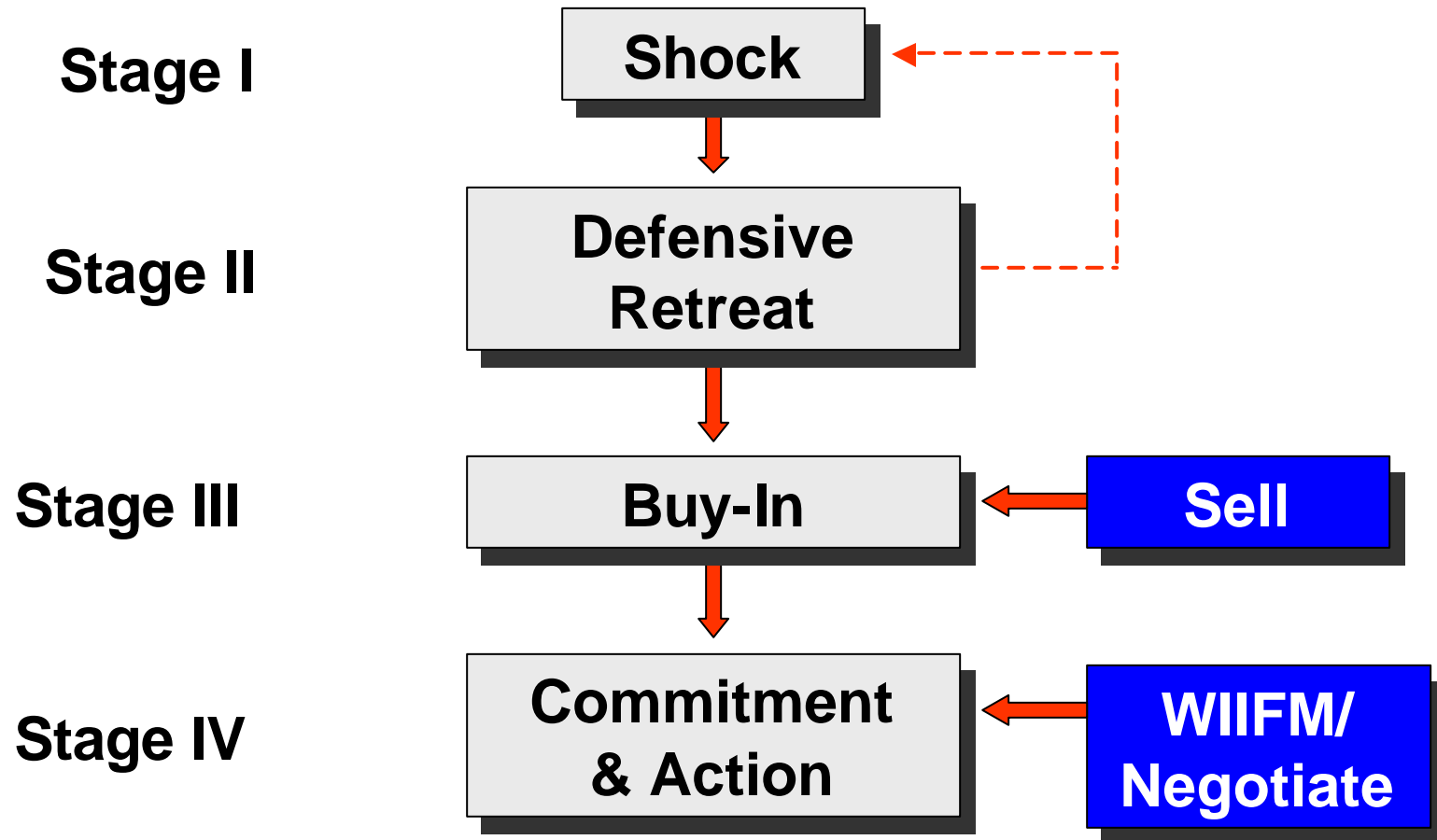


See "turning the Pain of Change into Creativity and Structure for the New Order" M. Moore & P. Gergen in CORPORATE TRANSFORMATION. (1988) KILMANN et al. JOSSEY BASS & MANAGING TRANSITIONS,(1992) BRIDGES, ADDISON-WESLEY

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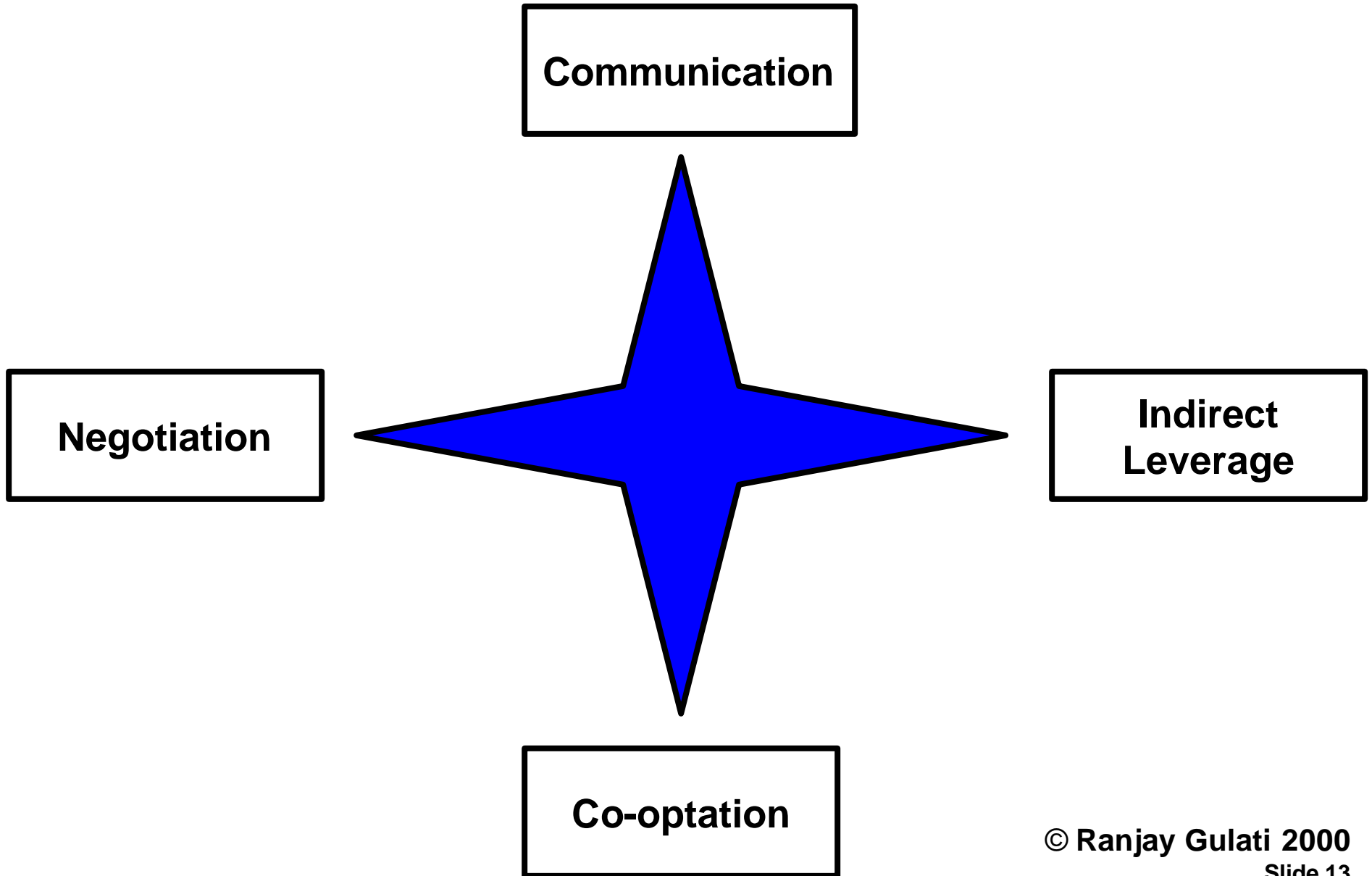
Slide 11

RESISTANCE TO UNANTICIPATED CHANGE PERSONAL TRANSITION STAGES



* See "turning the Pain of Change into Creativity and Structure for the New Order" M. Moore & P. Gergen in CORPORATE TRANSFORMATION. (1988) KILMANN et al. JOSSEY BASS & MANAGING TRANSITIONS,(1992) BRIDGES, ADDISON-WESLEY.
** © Brenda Ellington Booth

Tactics to overcome resistance



AGENDA

Key elements of a REAL CHANGE LEADER

- Resistance Breaker
- **Power Broker**
- Negotiator

Leading Change

- DMP model: Strategic, organic, and market change

Leadership and Management

WHAT IS POWER?

Power means being able to get things one wants against opposition.

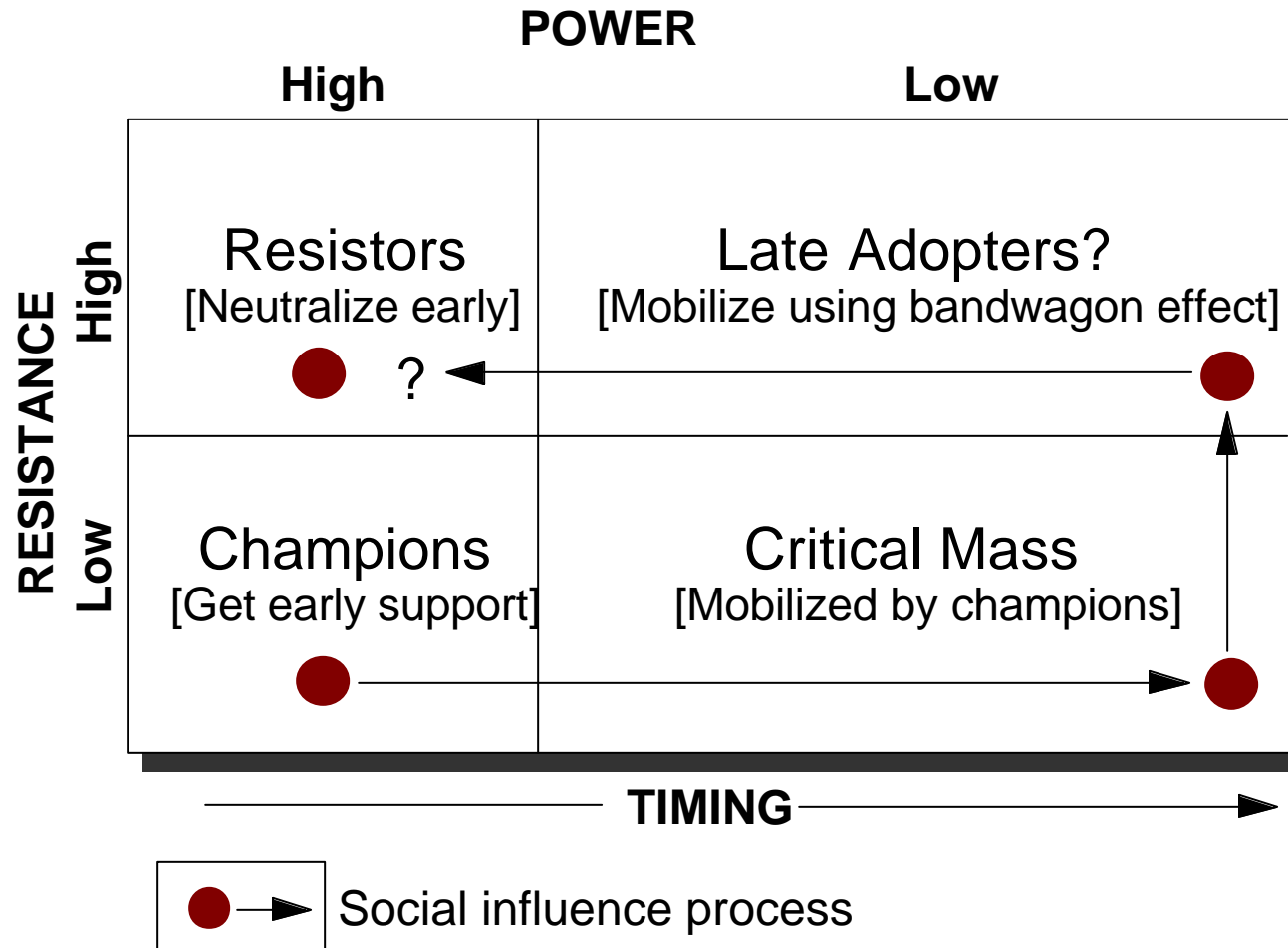
Power is the capacity to bring about certain intended consequences in the behavior of others.

Jeffrey Pfeffer

THE CHANGE LEADER AS A POWER BROKER

- **Who can affect the change process?**
 - Whose *active support* do you need?
 - Whose *passive consent* do you need?
 - Who are likely to be affected by the initiative, and how?
- **How can they affect the change process?**
 - What *power resources* do these people control?
 - How are the ties of *task interdependence* and *political alliances* among these people?
 - What attitudes do they have towards the change initiative?

USING POWER TO DESIGN A CHANGE PROCESS



AGENDA

Key elements of a REAL CHANGE LEADER

- Resistance Breaker
- Power Broker
- **Negotiator**

Leading Change

- DMP model: Strategic, organic, and market change

Leadership and Management

THE CHANGE LEADER AS NEGOTIATOR

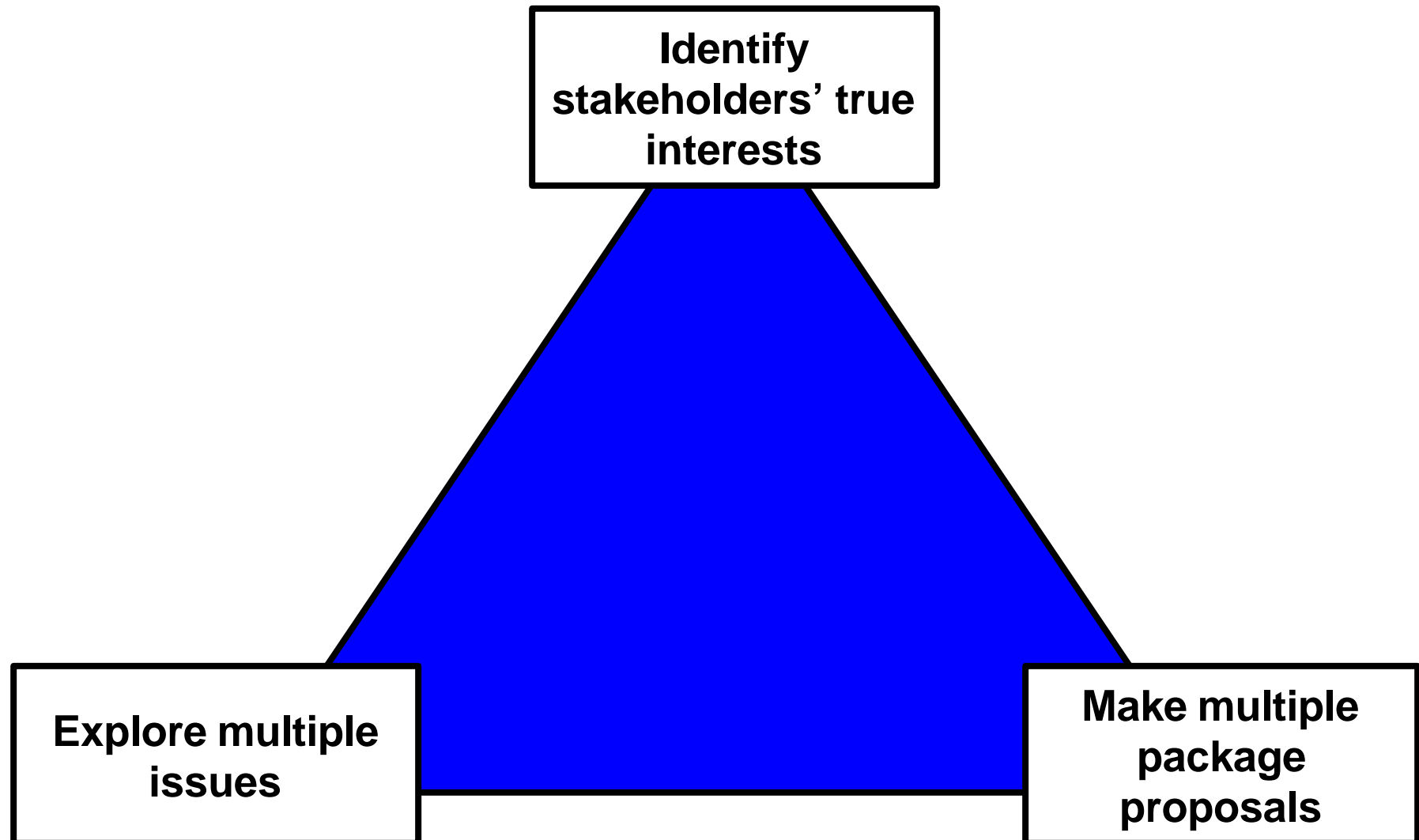
**There is
always a
potential for
conflicts of
interest
among
parties**



**Why Do You Need
A Negotiator?**

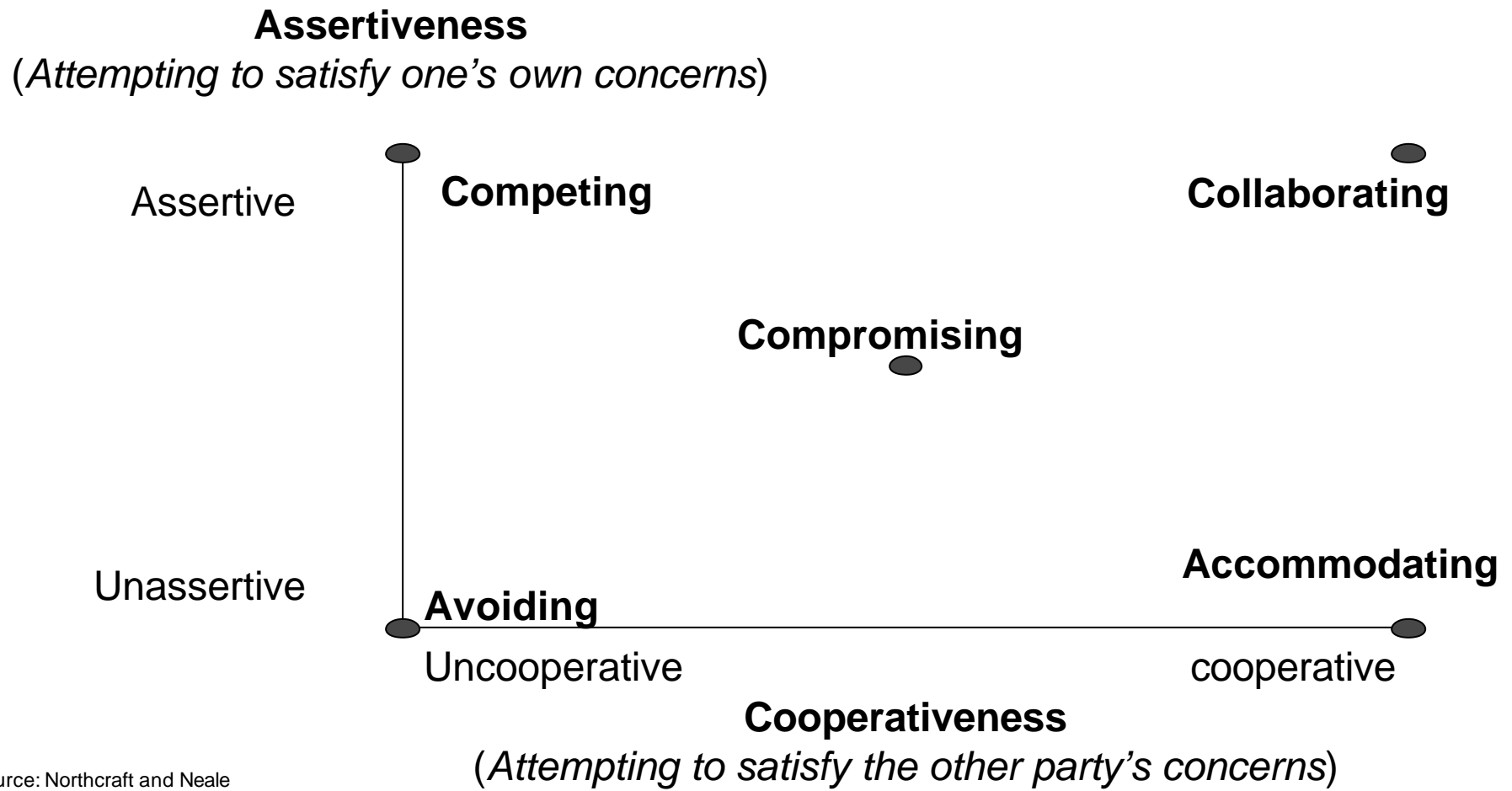
**The right
technical
answer may
not be the
political
answer that
satisfies the
parties**

INTEGRATIVE NEGOTIATORS: SEARCHING FOR WIN-WIN



A TWO-DIMENSIONAL MODEL OF CONFLICT BEHAVIOR

The approach to interpersonal conflict can be characterized by individuals' concern with their own needs or concern for other's needs. Variations along these dimensions can give rise to five distinct conflict-resolution styles.



Source: Northcraft and Neale

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AGENDA

Key elements of a REAL CHANGE LEADER

- Resistance Breaker
- Power Broker
- Negotiator

Leading Change

- **DMP model: Strategic, organic, and market change**

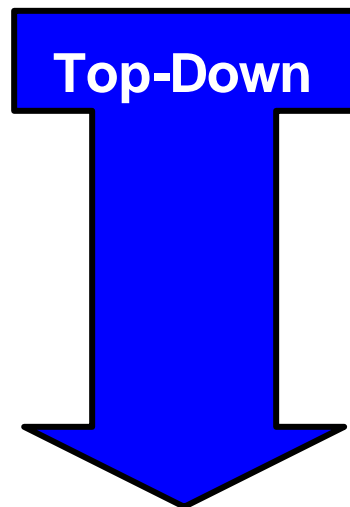
Leadership and Management

THE PROCESS

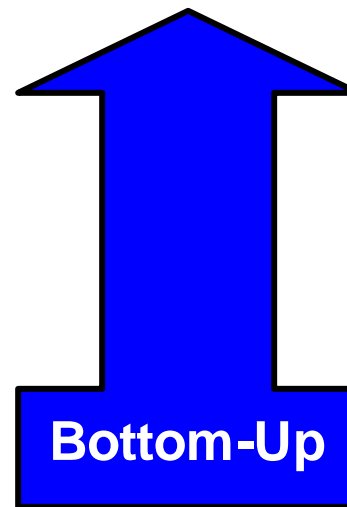
The change process begins with a spark, ends with a steady state, and follows a tumultuous emotional roller coaster ride in between.

Several models exist . . .

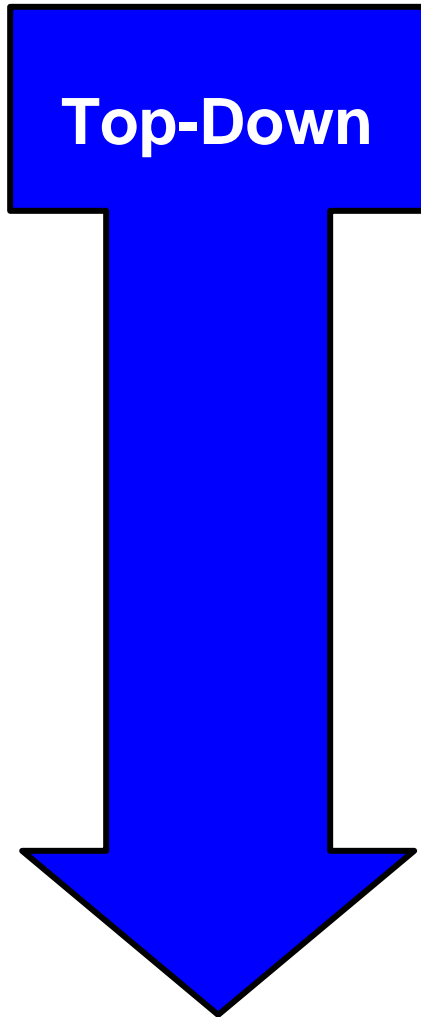
Strategic Change



Organic Change



STRATEGIC CHANGE

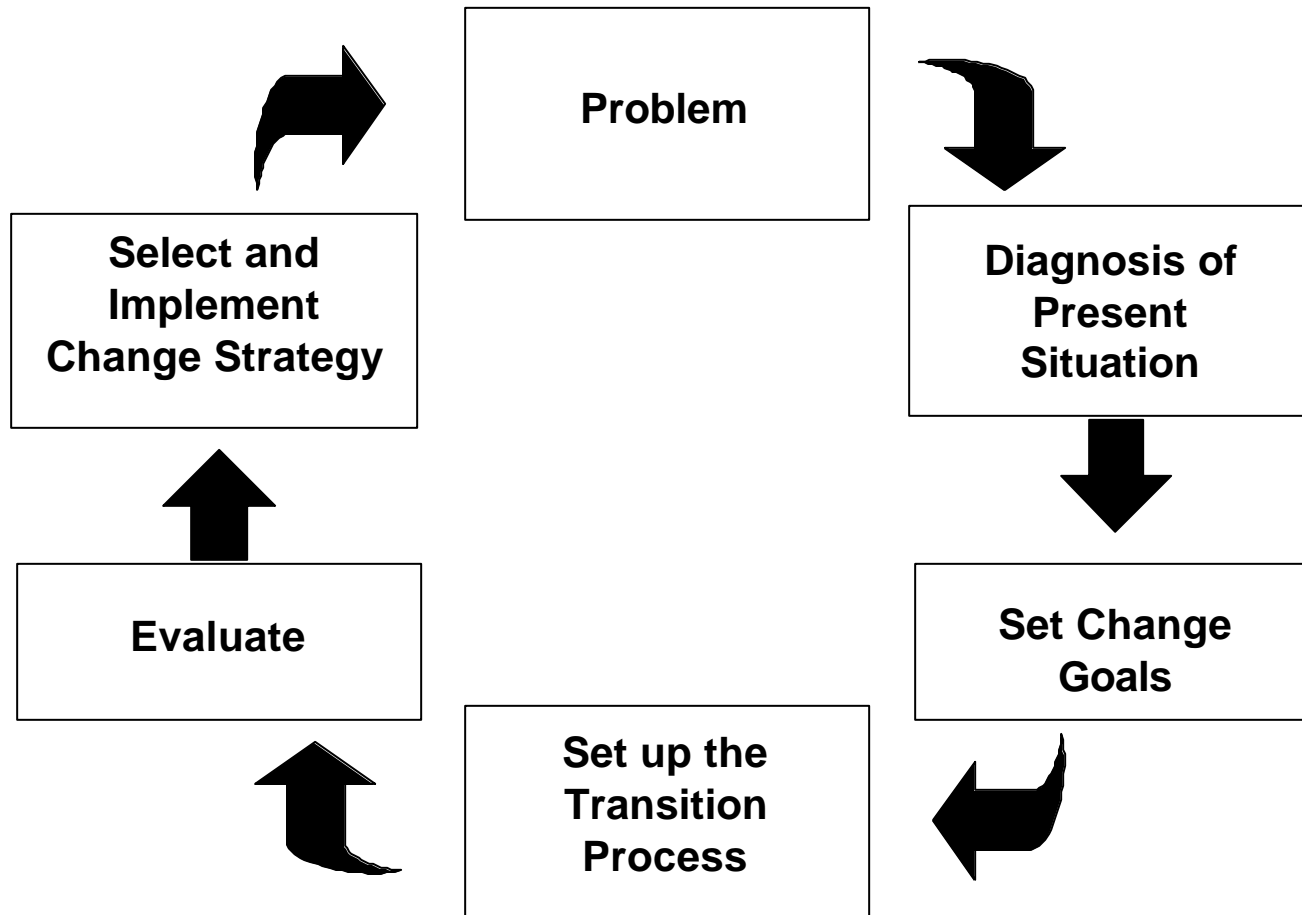


Characteristics

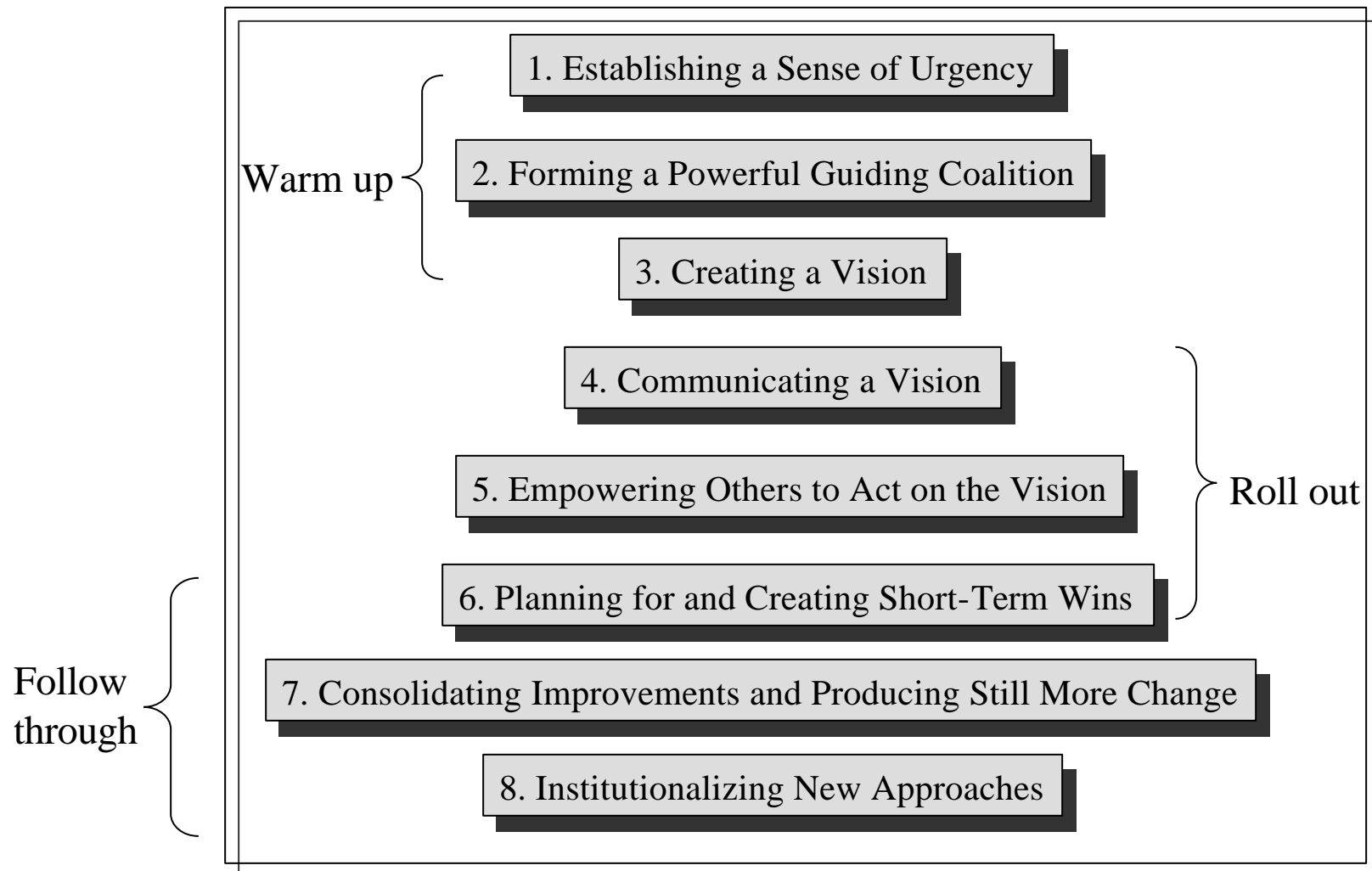
- Traditional Model
- “Steering the Titanic”
- Consultants as Agents of Change
- High Visibility
- High Internal Cynicism

STEPS IN THE STRATEGIC CHANGE PROCESS

THE RATIONAL MODEL



KOTTER'S 8 STEPS



© Ranjay Gulati 2000

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The Vision Thing

- **A good vision ...**
 - shows direction for action
 - motivates action
 - coordinates action
- **Qualities of an effective vision:**
 - imaginable
 - desirable
 - feasible
 - focused
 - flexible
 - communicable

The Process of Creating an Effective Vision

- ***First Draft:*** The process often starts with an initial statement from a single individual, reflecting both his or her dreams and real marketplace needs
- ***Mostly a Group Process:*** The first draft is always molded over time by the guiding coalition or an even larger group of people
- ***Teamwork:*** The group process never works well without a minimum of effective teamwork
- ***An Exercise of Head and Heart:*** Both analytical thinking and a lot of dreaming are essential throughout the activity
- ***Often Time Consuming:*** Vision is never created in a single meeting; it can take months, sometimes years
- ***End Product:*** The process results in a direction for the future that is desirable, feasible, focused, not a straightjacket, and can be communicated in five minutes or less

How to Communicate Change

- **Use different channels**
 - big and small meetings, memos, newsletters, formal and informal interaction
- **Repeat it often**
- **Keep it simple**
- **Use metaphors, analogies, and examples**
- **Walk the talk**
- **Be consistent**
- **Two-way communication**

The Role of Short-term Wins

- Provides evidence that plan is working
- Rewards change agents with a pat on back
- Provides valuable data to fine tune the plan
- Undermines cynics and self-serving resistors
- Keeps bosses on board
- Builds momentum by turning neutrals and reluctant supporters into active helpers

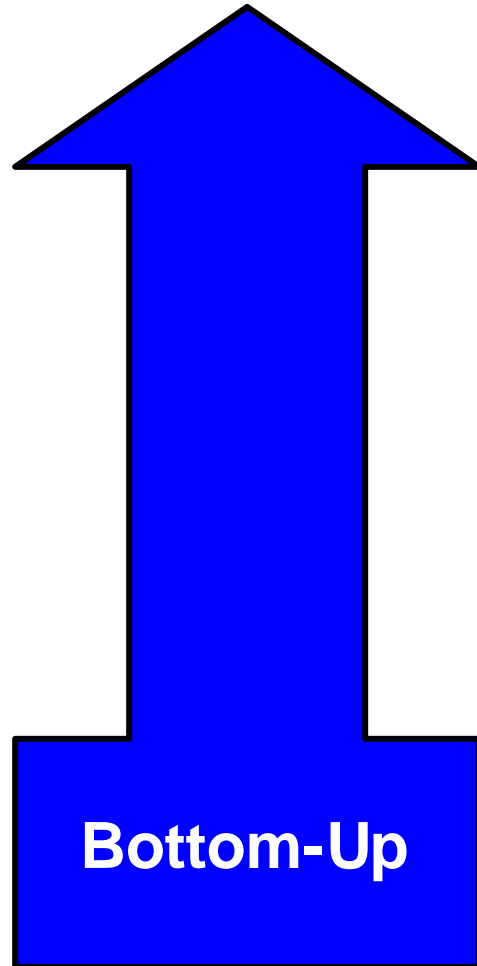
Model for Strategic Change: D x M x P

- **D=dissatisfaction**
 - sense of urgency can be produced by a crisis, information, and high standards
- **M=model**
 - vision/model of the future aspired state which should fit diagnosis of problem, is desirable to stakeholders, and is feasible to achieve
- **P=Process**
 - specific sequence of events, actions, decisions that will move the organization in desired direction
 - key issues: speed of change and degree of involvement
- **(DxMxP) > Cost of change**

STRATEGIC CHANGE STRATEGIES - PROCESS

	<u>“Bold Strokes”</u>	<u>“Long Marches”</u>
Speed	Fast	Slow
Involvement Level	Low	High
Leader Control	High (top-down)	Low (bottom-up)
Initial results	Quick/clear	Partial/unclear
Organizational Levers	Strategy Structure Systems	Shared values Style Skills Staffing

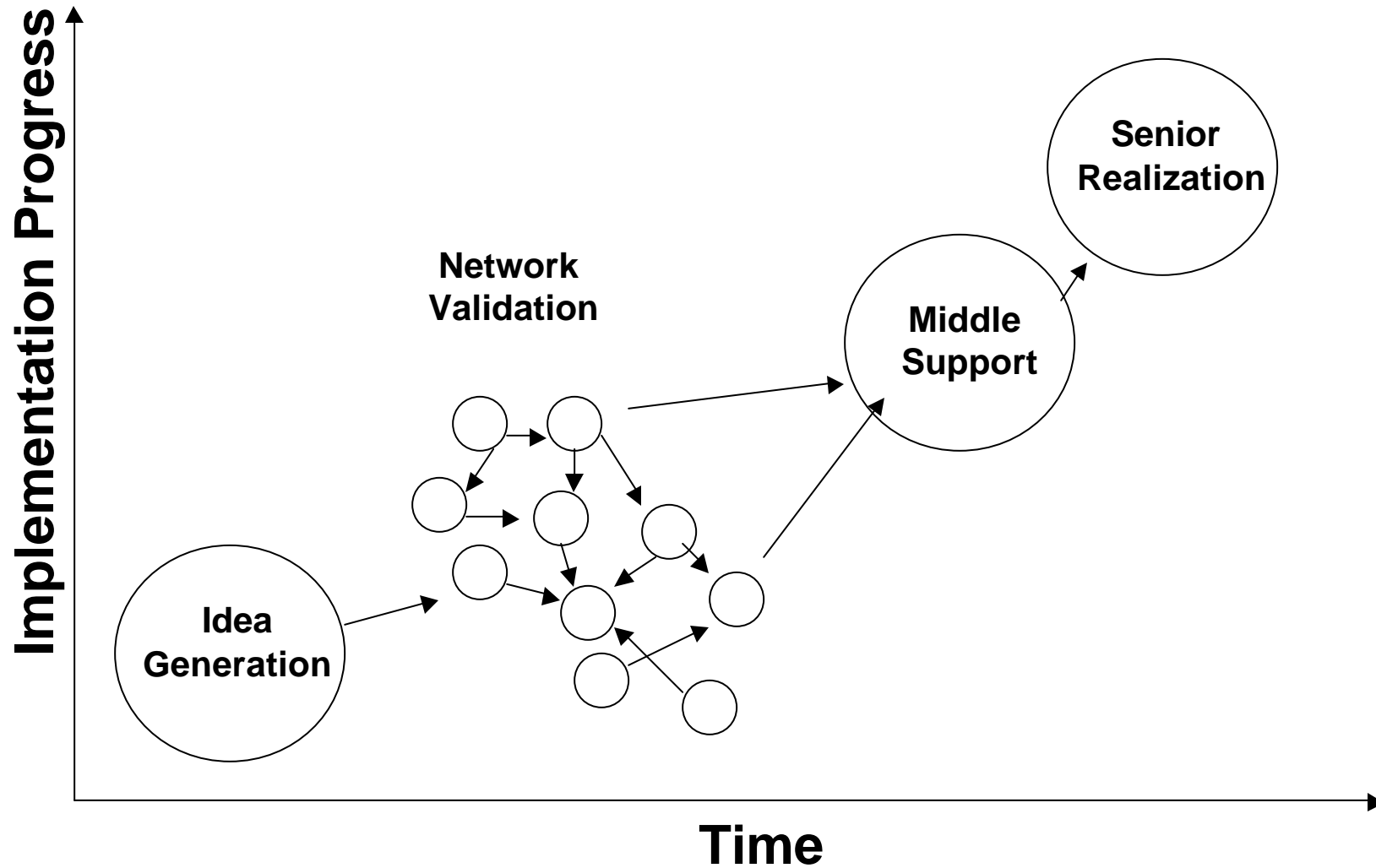
ORGANIC CHANGE



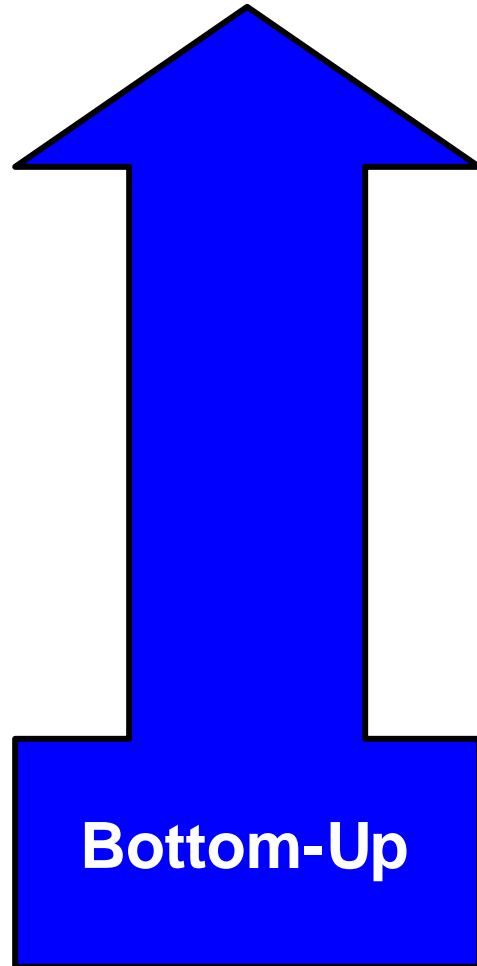
Characteristics

- “Listen to the Little Guy”
- Implementation partially completed prior to management knowledge
- Incremental Change most common
- Viral Change process
- Strategic Dissonance

ORGANIC CHANGE FRAMEWORK



ORGANIC CHANGE



Key Success Factors

- Quality of Ideas
- Empowerment within Culture
- Strength of Middle Management to Act
- Communication Network

AGENDA

Key elements of a REAL CHANGE LEADER

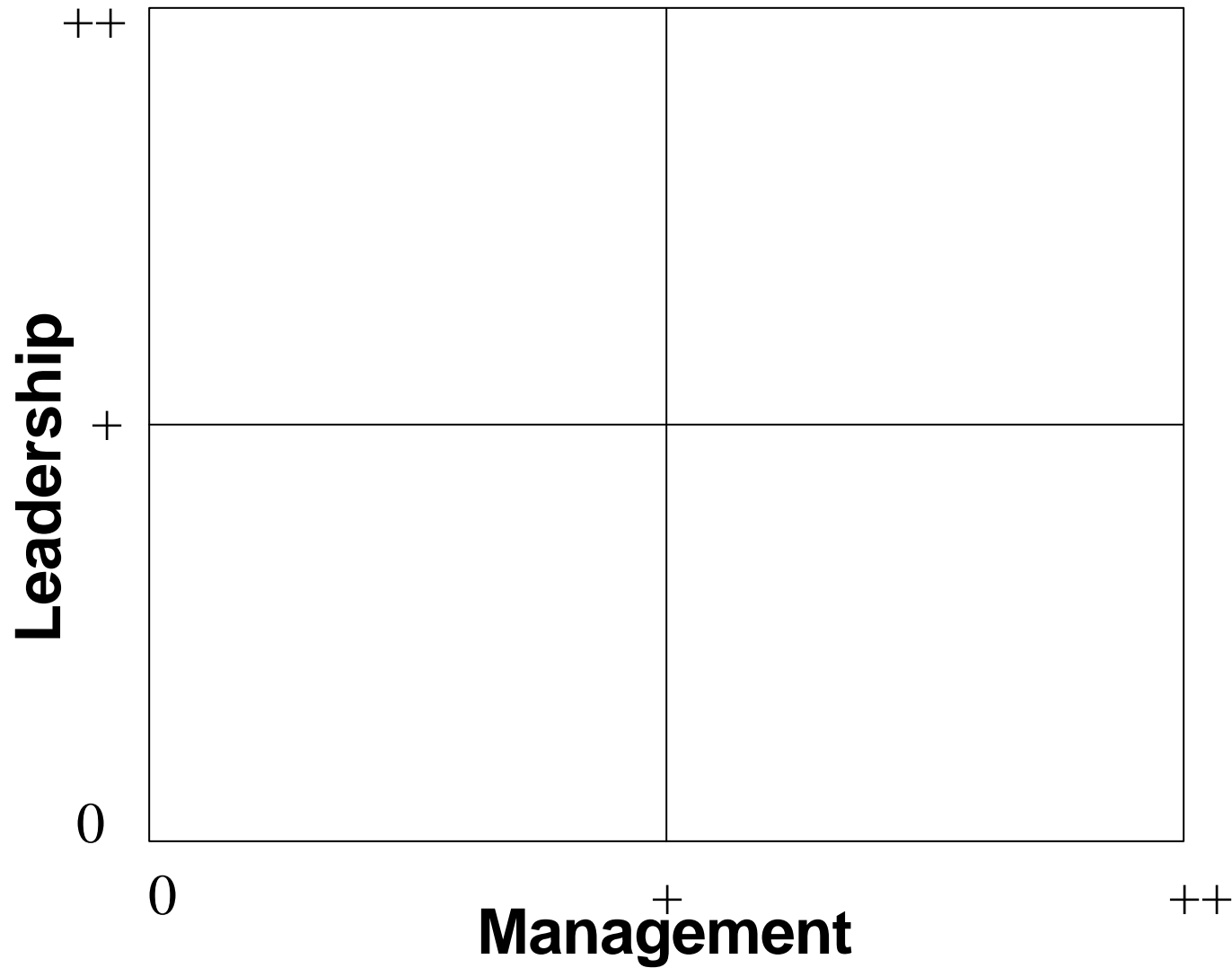
- Resistance Breaker
- Power Broker
- Negotiator

Leading Change

- DMP model: Strategic, organic, and market change

Leadership and Management

LEADERSHIP AND MANAGEMENT



WHAT IS LEADERSHIP?

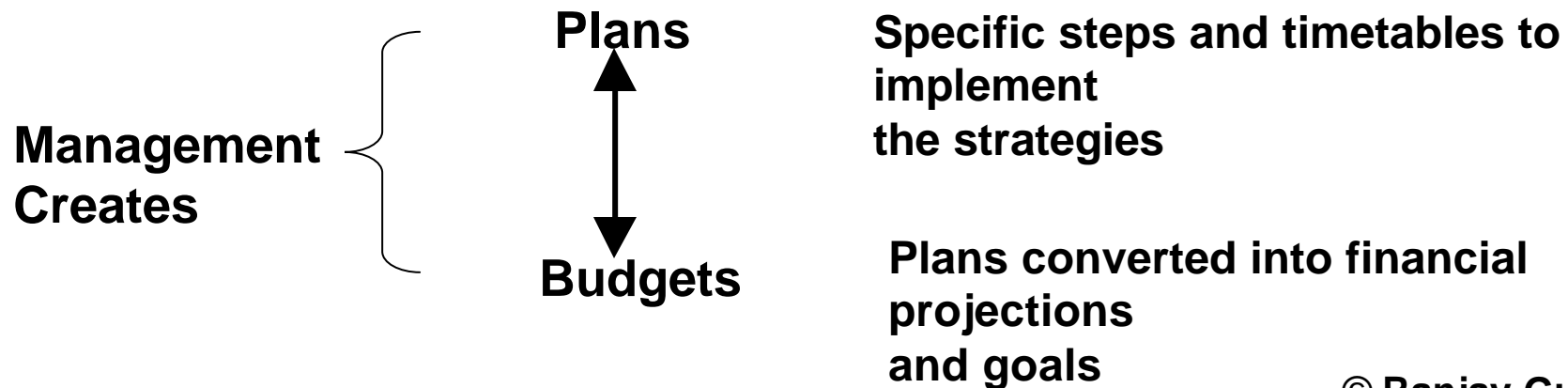
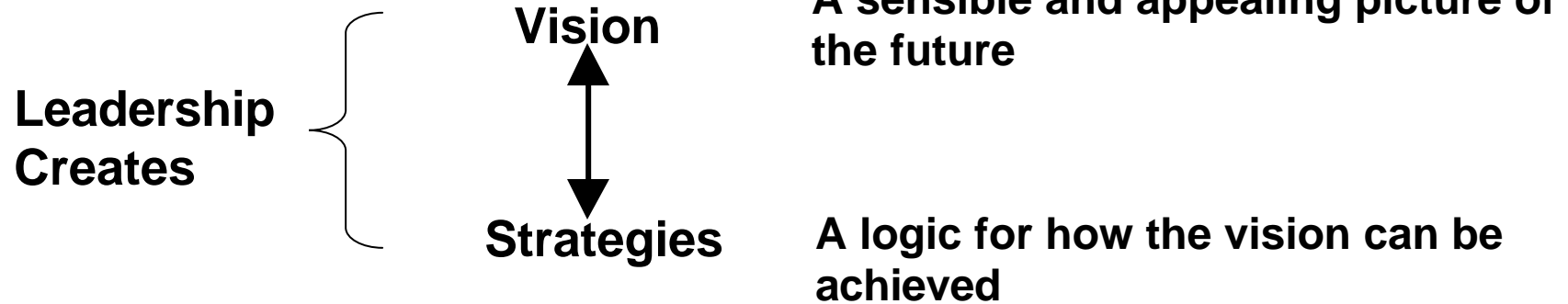
- **Leadership: Not something you have but something you exercise**
- **Leaders are not born. They are made.**
- **A Definition: The principled exercise of power and influence to effect change**
 - **Based on principles and vision**
 - **Builds on sources of power**
 - **Requires use of power and social influence**
 - **Provides a vision and direction for change**
 - » **A vision must be clear, motivational and feasible.**

COMPARING MANAGEMENT AND LEADERSHIP

	Management	Leadership
Creating an agenda	Planning and Budgeting	Establishing Direction
Developing human resources	Organizing and Staffing	Aligning People
Execution	Controlling and Problem Solving	Motivating and Inspiring
Outcome	Predictability and Order	Change

Successful organization have both competent managers and effective leaders

THE RELATIONSHIP OF VISION, STRATEGIES, PLANS, AND BUDGETS

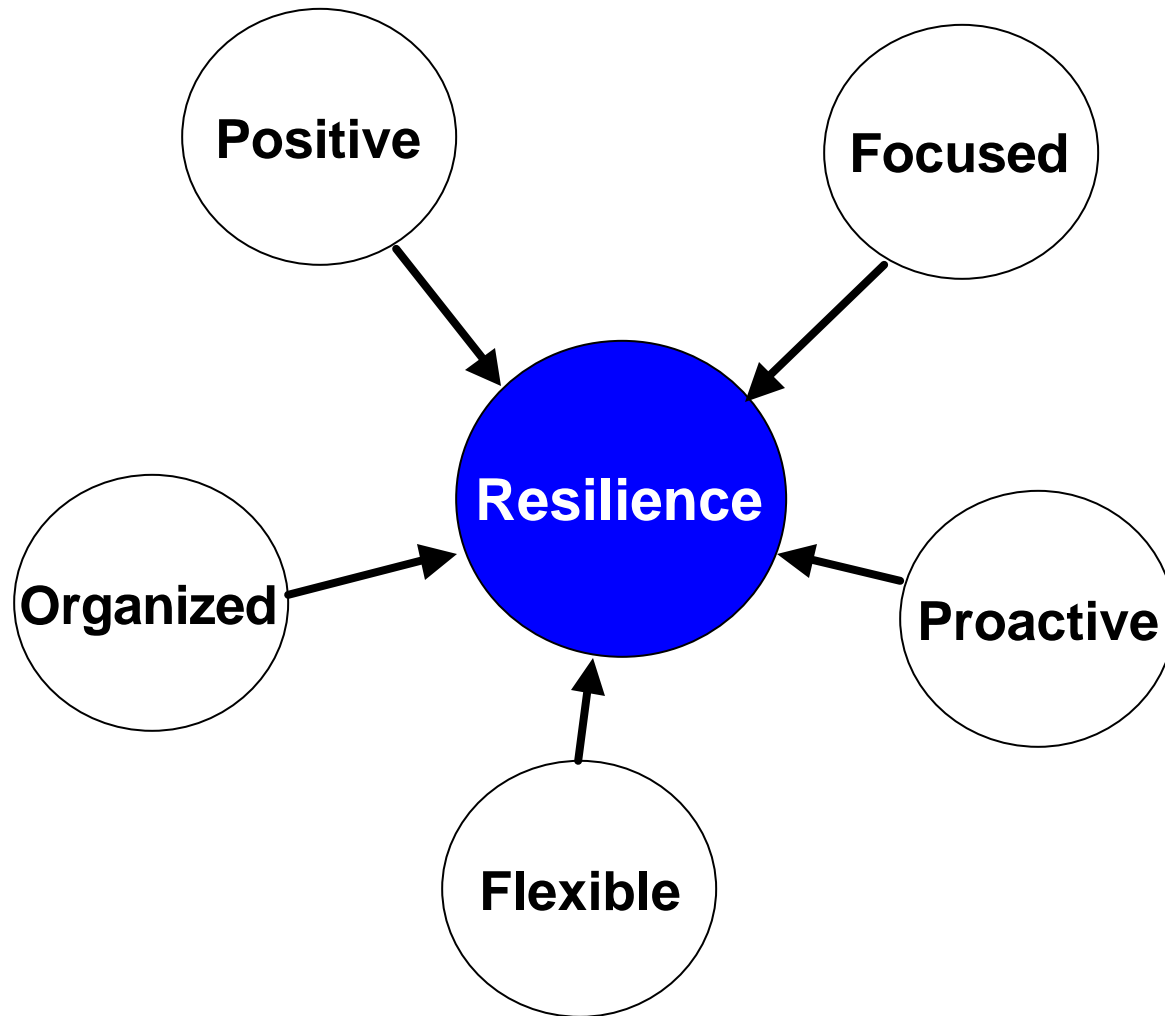


LEADER'S IDENTITY

- **Thinking like an agenda setter:**
 - Generalist rather than a specialist
 - Broader perspective
 - Aware of the “total context” of the business
 - Long-Term orientation
 - People development
 - Time management, ability to set priorities and decisiveness

- **Thinking like a network builder:**
 - Understanding power
 - Establishing networks
 - Getting things done
 - Awareness of political responsibilities

LEADER QUALITIES: RESILIENCE



LEADER QUALITIES: PERSISTENCE

Nothing in the world can take the place of persistence.

Talent will not; nothing is more common than unsuccessful men with talent.

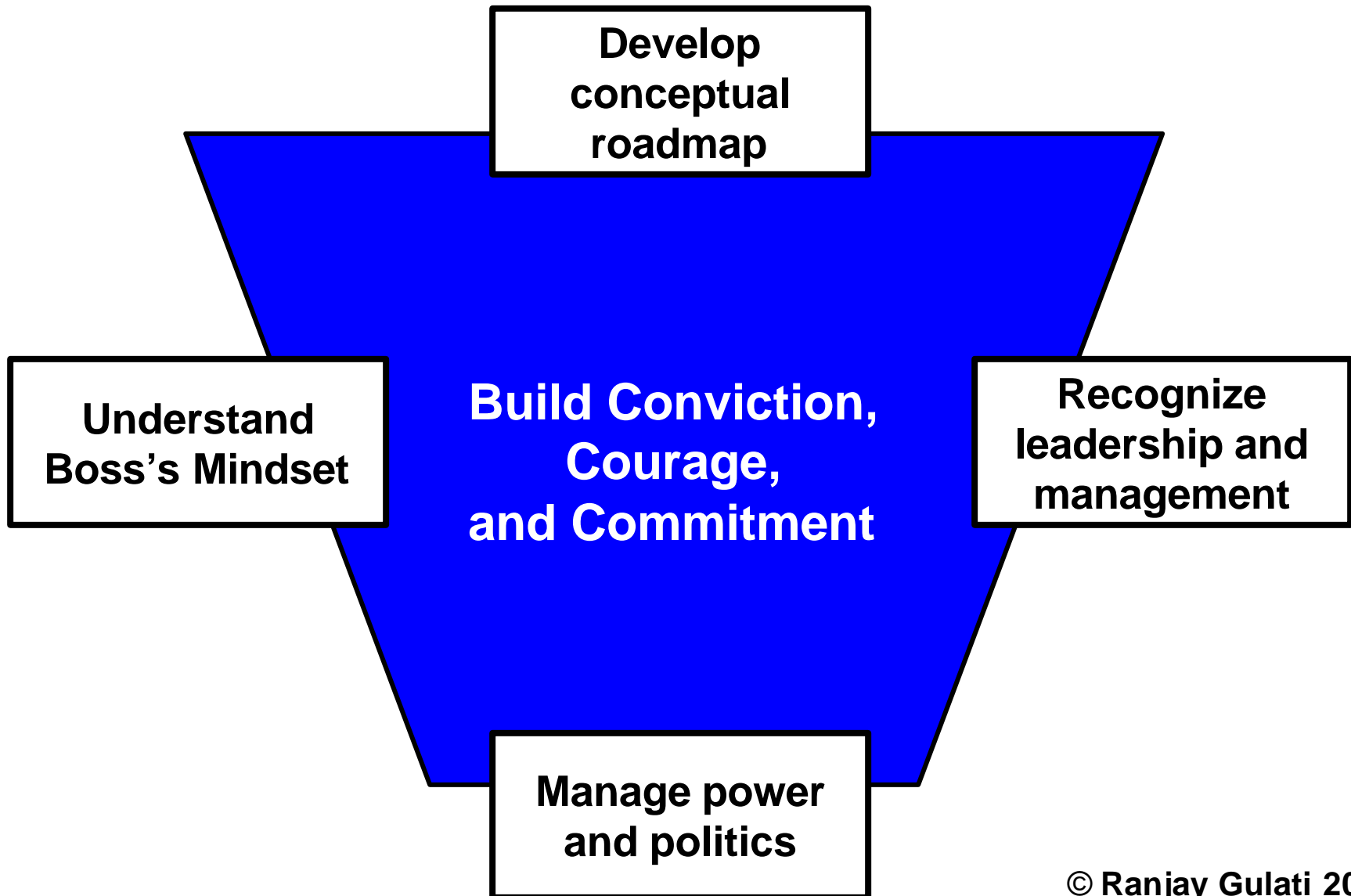
Genius will not; unrewarded genius is almost a proverb.

Education will not; the world is full of educated derelicts.

Persistence and determination alone are omnipotent.

The slogan "Press On" has solved and always will solve the problems of the human race.

KEY TASKS FOR CHANGE LEADERS



**“Leadership is a question of
lighting up a fire inside people,
not under them”**

**Armin Meyer,
*Asea Brown Boveri***

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