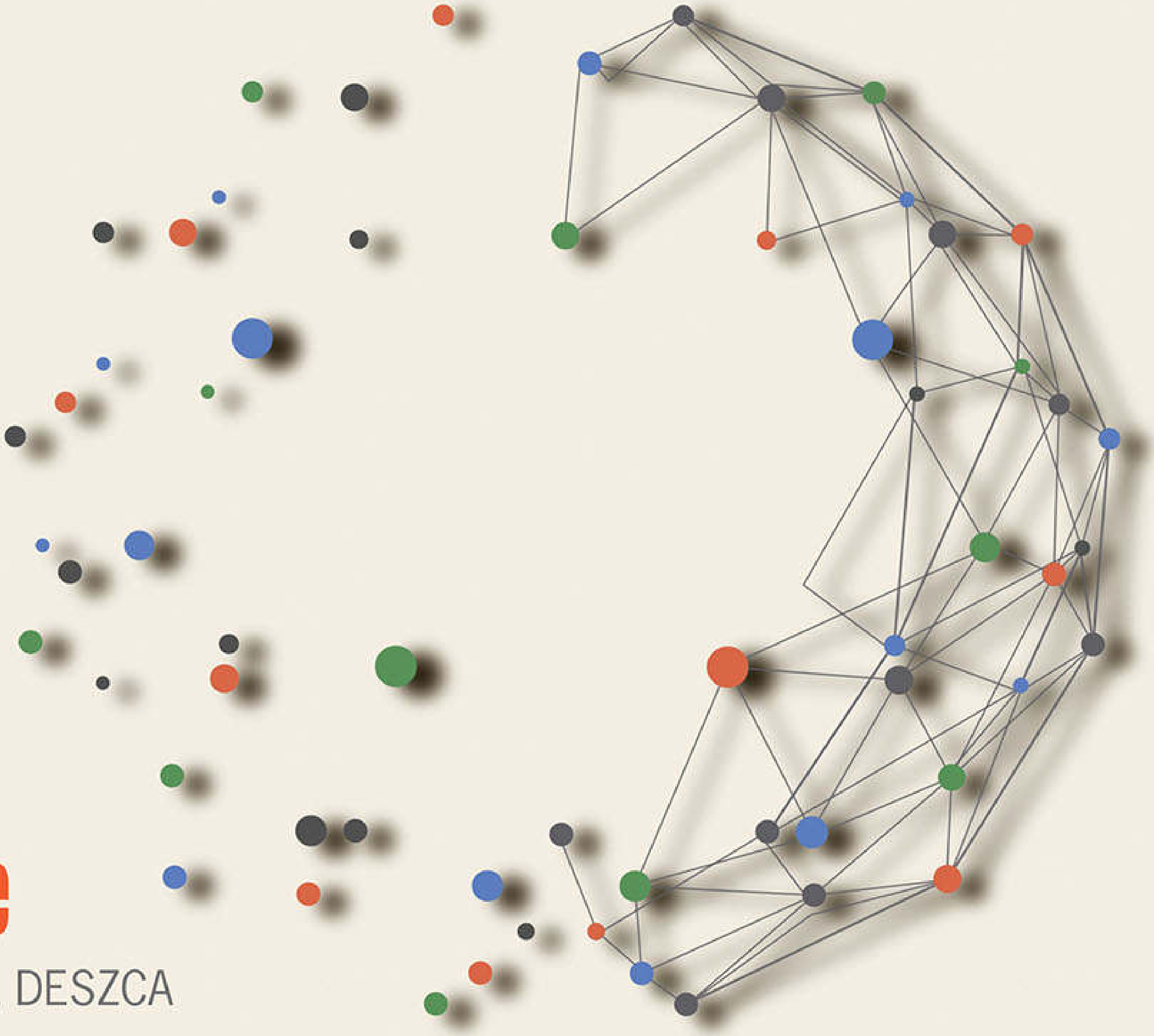
ORGANIZATIONAL CHANGE

An Action-Oriented Toolkit



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GENE DESZCA

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TUPPER F. CAWSEY

Organizational Change

Fourth Edition

This book is dedicated to Tupper Cawsey,

our dear and wonderful friend, colleague, and extraordinary educator.

He passed away, but his positive impact continues to reverberate in those he touched.

Thank you, Tupper.

Gene and Cynthia

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Organizational Change

An Action-Oriented Toolkit

Fourth Edition

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55 City Road

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18 Cross Street #10-10/11/12

China Square Central

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Printed in the United States of America

Library of Congress Cataloging-in-Publication Data

Names: Deszca, Gene, author. | Ingols, Cynthia, author. | Cawsey, T. F., author/

Title: Organizational change : an action-oriented toolkit / Gene Deszca, Wilfrid Laurier University, Canada, Cynthia Ingols - Simmons College, USA, Tupper F. Cawsey - Wilfrid Laurier University, Canada.

Other titles: Organisational change

Description: Fourth Edition. | Thousand Oaks : SAGE Publications, [2019] | Revised edition of Organizational change, [2016] | Includes bibliographical references and index.

Identifiers: LCCN 2019013498 | ISBN 9781544351407 (paperback)

Subjects: LCSH: Organizational change.

Classification: LCC HD58.8 .C39 2019 | DDC 658.4/06—dc23

LC record available at https://lccn.loc.gov/2019013498

19 20 21 22 23 10 9 8 7 6 5 4 3 2 1

Acquisitions Editor: Maggie Stanley

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Copy Editor: Lynne Curry

Typesetter: C&M Digitals (P) Ltd.

Proofreader: Rae-Ann Goodwin

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Cover Designer: Candice Harman

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Preface to the Fourth Edition

Difficult to see. Always in motion is the future.1

1 Spoken by Yoda in the movie *The Empire Strikes Back*

The world has continued to churn in very challenging ways since the publishing of the third edition of this text. Uneven and shifting global patterns of growth, stubbornly high unemployment levels in many parts of the world, increasing income inequality, and serious trade disputes that threaten to transform trade patterns are severely stressing our highly interconnected global economy. The massive credit crisis of a decade ago was followed by unprecedented worldwide government stimulus spending and low interest rates to promote growth, which, in turn, have resulted in escalating public debt, exacerbated in some nations through tax cuts. These combine to threaten the capacity of national governments to respond to future economic difficulties.

In addition, wars, insurrections and civil insurrections in parts of Africa, the Ukraine, the Middle East, and Asia have sent masses of people searching for safety in new places. Simultaneously, deteriorating international relationships involving major powers, fears of global pandemics (Ebola and MERS), and the staying power of radical Islamist groups such as al-Qaeda and ISIS affiliates, Boko Haram and Jemaah Islamiyah have shaken all organizations in affected regions—big or small, public or private. Escalating concerns related to global warming, species extinctions, and rising sea levels are stressing those who recognize the problems in governments and organizations of all shapes and sizes, as they attempt to figure out how to constructively address these emerging realities. Add to these elements the accelerating pace of technological change and it’s easy to see why we, at times, feel overwhelmed by the turbulence, uncertainty, and negative prognosis that seem to define the present.

But, all is not doom and gloom. Progress on human rights and gender equity, reductions in extreme poverty and hunger, declining rates of murder and violent crime, improving rates of literacy and life expectancy, and increasing access to information and knowledge through affordable digital resources provide evidence that progress is being made on some fronts. The growing public willingness to tackle very difficult environmental and social issues now, not later, are combining with innovative technologies, creative for-profit and not-for-profit organizations, and forward-thinking politicians and leaders from all walks of life. Supportive public policies are combining with public and private initiatives to demonstrate that we can make serious progress on these issues, *if* we collectively choose to act in constructive and thoughtful manners locally, regionally, and globally. These factors have also made us, your authors, much more aware of the extreme influence of the external environment on the internal workings of all organizations.

As we point out in our book, the smallest of firms needs to adapt when new competitive realities and opportunities surface. Even the largest and most successful of firms have to learn how to adapt when disruptive technologies or rapid social, economic, political and environmental changes alter their realities. If they fail to do so, they will falter and potentially fail.

Our models have always included and often started with events external to organizations. We have always argued that change leaders need to scan their environments and be aware of trends and crises in those environments. The events of the past two years have reinforced even more our sense of this. Managers must be sensitive to what happens around them, know how to make sense of this, and then have the skills and abilities that will allow them to both react effectively to the internal and external challenges *and* remain constant in their visions and dreams of how to make their organizations and the world a better place to live.

A corollary of this is that organizations need a response capability that is unprecedented because we're playing on a global stage of increasing complexity and uncertainty. If you are a bank, you need a capital ratio that would have been unprecedented a few years ago, and you need to be working hard to understand the potential implications of blockchain technologies, regulatory changes, and changing consumer preferences on the future of banking. If you are a major organization, you need to design flexibility and adaptability into your structures, policies, and plans. If you are a public-sector organization, you need to be sensitive to how capricious granting agencies or funders will be when revenues dry up. In today's world, organizational resilience, adaptability, and agility gain new prominence.

Further, we are challenged with a continuing reality that change is endemic. All managers need to be change managers. All good managers *are* change leaders. The management job involves creating, anticipating, encouraging, engaging others, and responding positively to change. This has been a theme of this book that continues. Change management is for everyone. Change management emerges from the bottom and middle of the organization as much as from the top. It will be those key leaders who are embedded in the organization who will enable the needed adaptation of the organization to its environment. **Managers of all stripes need to be key change leaders.**

In addition to the above, we have used feedback on the third edition to strengthen the pragmatic orientation that we had developed. The major themes of action orientation, analysis tied with doing, the management of a nonlinear world, and the bridging of the "knowing–doing" gap continue to be central themes. At the same time, we have tried to shift to a more user friendly, action perspective. To make the material more accessible to a diversity of readers, some theoretical material has been altered, some of our models have been clarified and simplified, and some of our language and formatting has been modified.

As we stated in the preface to the first edition, our motivation for this book was to fill a gap we saw in the marketplace. Our challenge was to develop a book that not only gave prescriptive advice, "how-to-do-it lists," but one that also provided up-to-date theory without getting sidetracked by academic theoretical complexities. We hope that we have captured the management experience with change so that our manuscript assists all those who must deal with change, not just senior executives or organization development specialists. Although there is much in this book for the senior executive and organizational development specialist, our intent was to create a book that would be valuable to a broad cross section of the workforce.

Our personal beliefs form the basis for the book. Even as academics, we have a bias for action. We believe that “doing is healthy.” Taking action creates influence and demands responses from others. While we believe in the need for excellent analysis, we know that action itself provides opportunities for feedback and learning that can improve the action. Finally, we have a strong belief in the worth of people. In particular, we believe that one of the greatest sources of improvement is the untapped potential to be found in the people of all organizations.

We recognize that this book is not an easy read. It is not meant to be. It is meant as a serious text for those involved in change—that is, all managers! We hope you find it a book that you will want to keep and pull from your shelf in the years ahead, when you need to lead change and you want help thinking it through.

Your authors,

Gene, Cynthia, and Tupper

Note on Instructor Teaching Site

A password-protected instructor’s manual is available at study.sagepub.com/cawsey to help instructors plan and teach their courses. These resources have been designed to help instructors make the classes as practical and interesting as possible for students.

PowerPoint Slides capture key concepts and terms for each chapter for use in lectures and review.

A Test Bank includes multiple-choice, short-answer, and essay exam questions for each chapter.

Video Resources for each chapter help launch class discussion.

Sample Syllabi, Assignments, and Chapter Exercises as optional supplements to course curriculum.

Case Studies and teaching notes for each chapter facilitate application of concepts in real world situations.

Acknowledgments

We would like to acknowledge the many people who have helped to make this edition of the book possible. Our colleagues and students and their reactions to the ideas and materials continue to be a source of inspiration.

Cynthia would like to thank her colleagues at the School of Business, Simmons University, Boston, Massachusetts. In particular, she would like to thank Dr. Stacy Blake-Beard, Deloitte Ellen Gabriel Chair of Women and Leadership, and Dr. Paul Myers, senior lecturer, who each contributed a case to this fourth edition of the book. In addition, Paul graciously read and gave feedback on other cases and parts of the text, suggesting ways to bring clarity to sometimes muddled meanings. Alissa Scheibert, a Simmons library science student, conducted in-depth research for a number of chapters. Dr. Erin Sullivan, research director, and Jessica L. Alpert, researcher, Center for Primary Care, Harvard Medical School, contributed two cases to this edition of the book and I am very grateful for their contributions. Jess Coppla, a former Healthcare MBA student leader and author of one of the cases, will someday be CEO of a healthcare organization. . . . I'm just waiting to see which one. Colleagues Gary Gaumer, Cathy Robbins, Bob Coulum, Todd Hermann, Mindy Nitkin, and Mary Shapiro were wonderful cheerleaders throughout the many hours of my sitting, writing, and revising in my office: thank you all!

Managers, executives, and front-line employees that we have known have provided insights, case examples, and applications while keeping us focused on what is useful and relevant. Ellen Zane, former CEO of Tufts Medical Center, Boston, is an inspiring change leader; her turnaround story at the Tufts Medical Center appeared in the second edition of this book and was published again in the third edition; it continues to be on the Sage website for use by faculty. Cynthia has also been fortunate to work with and learn from Gretchen Fox, founder and former CEO, FOX RPM: the story of how she changed her small firm appeared in the second edition of the book and the case continues to be available through Harvard Business Publishing (http://hbr.org/product/fox-relocation-management-corp/an/NA0096-PDF-ENG). Noah Deszca, a high school teacher, was the prime author of the Travelink Solutions case, an organization that underwent significant changes while he was working there. Katharine Bambrick, a former student of Gene's and the CEO of the Ontario Trillium Foundation and the former CEO of Food Banks Canada, is another of the inspiring leaders who opened their organizations to us and allowed us to learn from their experiences, and share it with you. The Food Banks case appeared in the third edition of this book and is one of the additional cases that are available on this book's website.

Special thanks to Paige Tobie for all her hard work on the instructors' resources. She is a gem to work with.

As with the previous editions, our partners Bertha Welzel and Steve Spitz tolerated our moods, our myopia to other things that needed doing, and the early mornings and late nights spent on the manuscript. They helped us work our way through ideas and sections that were problematic, and they kept us smiling and grounded when frustration mounted.

Our editors at Sage have been excellent. They moved the project along and made a difficult process fun (well, most of the time). Thank you, Maggie Stanley, our acquisitions editor, for keeping us on task and on time (or trying to keep us on time…). We appreciate your style of gentle nudges. Thank you to Janeane Calderon, our editorial assistant who was constantly on top of the various parts of the book and helped us push through to the end. Copyeditor Lynne Curry found stray commas and inconsistencies throughout the book: thank you for fixing the problems. Gagan Mahindra, Production Editor, kept us wonderfully focused on the details of production: thank you!

Finally, we would like to recognize the reviewers who provided us with valuable feedback on the third edition. Their constructive, positive feedback and their excellent suggestions were valued. We thought carefully about how to incorporate their suggestions into this fourth edition of the book. Thank you Mulugeta Agonafer of Springfield College, Brenda C. Barnes of Allen College, C. Darren Brooks of Florida State University, Robert Dibie of Indiana University Kokomo, Jonathan E. Downs of MidAmerica Nazarene University, Alexander C. Heckman of Franklin University, Scott Elmes McIntyre of University of Houston – Clear Lake, Frank Novakowski of Davenport University, Pamela R. Van Dyke of Southern Methodist University, Jack Wilson of the United States Naval Academy, and Diana J. Wong-MingJi of Eastern Michigan University.

In short, our thanks to all who made this book possible.

Chapter Four Building and Energizing the Need for Change

Chapter Overview

This chapter asks the question, “Why change?”

- It develops a framework for understanding the need for change based on making sense of external and internal organizational data, and the change leaders’ personal concerns and perspectives.
- The chapter describes what makes organizations ready for change and provides a questionnaire to rate an organization’s readiness.
- It outlines how change leaders can create awareness for change.
- Finally, the chapter outlines the importance of the change vision and how change leaders can create a meaningful vision that energizes and focuses action.

In Chapter 2, we discussed the concept of unfreezing as a precondition to change. How can an organization and its people move to something new if their current mindset and response repertoire are not open to alternative paths and actions?

You are in a large auditorium filled with people when suddenly you smell smoke and someone yells, “Fire!” You leap to your feet, exit the building, and call 911.

This situation above is straightforward. A crisis makes the **need for change** clear and dramatic. It demands an immediate response and the required action is understood—even more so if the institution has taken fire-safety planning seriously. Most people know the key actions: Where to exit? How to avoid panic? Who should be notified? Who should do the notifying?

However, in many situations, the need for change is vague and appropriate action is unclear. For example, even in an emergency, if there have been no “fires” for a considerable period but there have been false alarms, people may have become complacent, warning systems might be ignored or even have been deactivated due to improper maintenance, and emergency action plans forgotten. A parallel to this might explain the lack of action prior to the mortgage meltdown in the United States in 2007 and the contagion it caused in global financial markets. Some economists and financial experts had raised alarms as early as 2003[1] (including the FBI in 2004[2]) over flawed financial practices and regulations. However, their warnings about the need to regulate mortgage lenders were ignored. The prevailing perspective within the Bush administration was that regulations needed to be minimized because they got in the way of free markets and the generation of personal wealth. Before the meltdown, the need for change was evident to only a few people. In addition, powerful financial institutions and their executives had huge incentives to ignore such warnings and silence those in their own firms who were raising alarms. Self-interest, blind spots, and/or misguided views of the greater good can sometimes blind people to strengths, weaknesses, opportunities, and risks. It is a primary reason for the rise in the importance of risk management and the requirements around risk reporting that publicly traded firms must comply with.[3]

Past experiences may cause people to become not only complacent but also cynical about warnings. If false alarms have been regular occurrences, people will come to ignore them. If employees are told that there is a crisis when similar alerts in the past have proven to be false alarms, they will tend to discount the warning. If people are busy and they don’t want to be sidetracked, they won’t prepare for events that they think aren’t going to happen. Remember the press reports concerning the H1N1 flu pandemic in the summer and fall of 2009 and how they changed by the winter of 2010? In the fall, there was a sense of panic, with people lining up overnight to get inoculated. By February, journalists were writing that the World Health Organization (WHO) had overstated the threat, as they had with Bird Flu. As such reports multiply and become the fodder for water cooler and Internet conversations, will the public take WHO warnings as seriously next time?[4] Concerns related to creating complacency may help to explain the careful way that WHO framed the warnings related to the outbreaks of Ebola in West Africa and the SARS-like virus in Saudi Arabia in 2013–2014.[5]

When leaders are perceived to cry “wolf” too often, who will take them seriously when the threat comes to fruition? However, when risks manifest themselves into reality, the blaming always begins with whether or not warning signs were ignored. Such were the responses following both the Sandy Hook School Shooting, in Newtown, Connecticut, in December 2012, and the bombing at the Boston Marathon in April 2013. This, in turn, may lead us to treat symptoms rather than underlying causes, as we look for quick solutions and misinterpret correlations for causality. Even trained professionals can miss obvious cues, as in the story below.

> A few years ago, my father was in intensive care, hooked to a heart monitor. Shortly after I arrived to visit him, the emergency alarm went off, but no one responded. I ran for help but was told not to worry—the alarm goes off all the time—just hit the reset button. The health care professionals had clearly adjusted their behavior to discount false alarms, but needless to say, I was left feeling anything but secure concerning the quality of the system designed to monitor the need for change in my dad’s treatment. What if it hadn’t been a false alarm? (G. Deszca)

Change agents need to demonstrate that the need for change is real and important. Only then will people unfreeze from past patterns. This is easier said than done. From 2008 through to the winter and spring of 2009, General Motors (GM) struggled to convince the United Auto Workers Union (UAW) that they needed significant financial concessions to survive. The UAW initially took the position that GM had signed a deal and should live up to it. However, the collapse of consumers’ demand for automobiles in the summer of 2008 led to fears of bankruptcy. Political pressure from the U.S. and Canadian governments on both GM and their employee unions in the United States (the UAW) and Canada (the CAW or Canadian Auto Workers) escalated in the wake of bailout requests. As a result of this pressure, the UAW abandoned its position that “We have done our share.” Concessions followed during the next nine months, covering everything from staffing levels, pay rates, health care benefits to pensions.[6] The CAW followed suit, shortly thereafter. When it comes to raising alarms concerning the need for change, it is sometimes tough to know when and how to get through to people. With GM, it took going to the edge of the precipice and beyond. They had to go bankrupt!

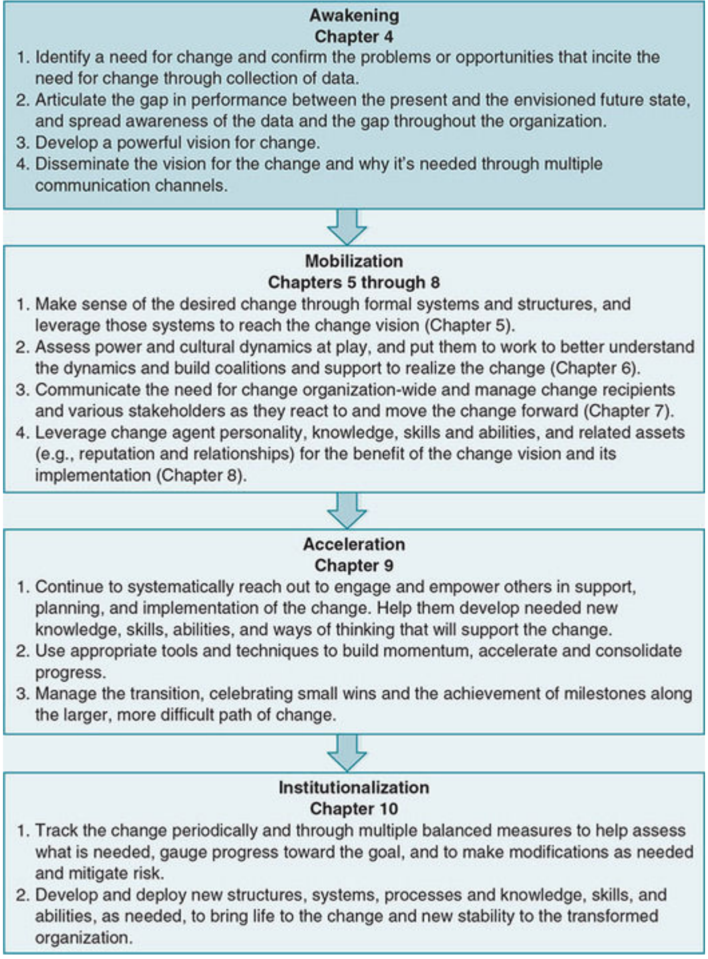
Many change-management programs fail because there is sustained confusion and disagreement over (a) why there is the need for change and (b) what needs changing. Ask organizational members—from production workers to VPs—why their organization is not performing as well as it could and opinions abound and differ. Even well-informed opinions are often fragmentary and contradictory. Individuals’ perspectives on the need for change depend on their roles and levels in the organization, their environments, perceptions, performance measures and incentives, and the training and experience they have received. The reactions of peers, supervisors, and subordinates as well as an individual’s own personality all influence how each person looks at the world. When there has been no well-thought-out effort to develop a shared awareness concerning the need for change, then piecemeal, disparate, and conflicting assessments of the situation are likely to pervade the organization.[7]

Look at the responses of different constituencies to the big issues of our day. Take air quality. The adverse effects of poor air quality on public health are well documented. However, if you review the ongoing debate concerning the urgency of the problem and how we should go about addressing it, you will see various stakeholders with different vested interests and perspectives, and how they marshal evidence to advance their points of view and protect their positions. As a result, meaningful problem solving is delayed or sidetracked. Appropriate analyses, actions, and interventions are delayed, with predictable consequences, unless a disaster, very visible near disaster, or a seismic shift in public opinion occurs that galvanizes attention and precipitates action.

People often see change as something that others need to embrace and take the lead with. One hears, “Why don’t they understand?” “Why can’t they see what is happening?” or “They must be doing this intentionally.” But stupidity, blindness, and maliciousness are typically not the primary reasons for inappropriate or insufficient organizational change. Differences in perspective affect what is seen and experienced. As the attributions of causation shift, so too do the beliefs about who or what is the cause of the problems and what should be done.[8] A common phenomenon called responsibility diffusion often occurs around changes. Responsibility diffusion happens when multiple people are involved and everyone stands by, assuming someone else will act.[9]

In terms of the change-management process, the focus of this chapter is on the “Awakening” box contained in Figure 4.1. To address this, change leaders need to determine the need for change and the degree of choice available to them and/or the organization about whether to change. Further, they need to develop the change vision and they need to engage others in these conversations so that a shared understanding develops. Without these in hand, they are in no position to engage others in conversations about the path forward.

Figure 4.1 The Change Path Model



Awakening
Chapter 4

1. Identify a need for change and confirm the problems or opportunities that incite the need for change through collection of data.
2. Articulate the gap in performance between the present and the envisioned future state, and spread awareness of the data and the gap throughout the organization.
3. Develop a powerful vision for change.
4. Disseminate the vision for the change and why it’s needed through multiple communication channels.

Mobilization
Chapters 5 through 8

1. Make sense of the desired change through formal systems and structures, and leverage those systems to reach the change vision (Chapter 5).
2. Assess power and cultural dynamics at play, and put them to work to better understand the dynamics and build coalitions and support to realize the change (Chapter 6).
3. Communicate the need for change organization-wide and manage change recipients and various stakeholders as they react to and move the change forward (Chapter 7).
4. Leverage change agent personality, knowledge, skills and abilities, and related assets (e.g., reputation and relationships) for the benefit of the change vision and its implementation (Chapter 8).

Acceleration
Chapter 9

1. Continue to systematically reach out to engage and empower others in support, planning, and implementation of the change. Help them develop needed new knowledge, skills, abilities, and ways of thinking that will support the change.
2. Use appropriate tools and techniques to build momentum, accelerate and consolidate progress.
3. Manage the transition, celebrating small wins and the achievement of milestones along the larger, more difficult path of change.

Institutionalization
Chapter 10

1. Track the change periodically and through multiple balanced measures to help assess what is needed, gauge progress toward the goal, and to make modifications as needed and mitigate risk.
2. Develop and deploy new structures, systems, processes and knowledge, skills, and abilities, as needed, to bring life to the change and new stability to the transformed organization.

This chapter asks change leaders, be they vice presidents, line operators, or volunteers at their local food bank, to seek out multiple perspectives as they examine the need for change. There is typically no shortage of things that could be done with available resources. What, then, gets the attention and commitment of time and money? What is the compelling reason for disrupting the status quo? Are there choices about changing and, if so, what are they? In many cases, it is not clear that change is needed. In these cases, the first step is for leaders to make a compelling case for why energy and resources need to be committed to a particular vision. Addressing these concerns advances the unfreezing process, focuses attention, and galvanizes support for further action.

But recognizing the need and mobilizing interest are not sufficient—a change leader also needs to communicate a clear sense of the desired result of the change. Change leaders do this by developing a compelling vision of the change. It conveys to others what life will look like after it is implemented. The vision for change seldom arrives fully formed and more often than not emerges through the engagement of others. This approach to creating momentum is the focus of the latter half of this chapter.

Understanding the Need for Change

The change process won’t energize people until they begin to understand the need for change. People may have a general sense that things are amiss or that opportunities are being missed, but they will not mobilize their energies until the need is framed, understood, and believed. An organization may have amassed data on customers, production processes, suppliers, competitors, organization financials, and other factors, but nothing will happen until someone takes the information and communicates a compelling argument concerning the need for change. Advancing the change agenda is aided by being able to address the following questions:

Developing an Assessment for the Need for Change

1. **What do you see as the need for change and the important dimensions and issues that underpin it?** What external and internal data either confirms or contradicts your assessment for the need for change? How much confidence do you have in the data and why should others have confidence it? In what ways is the appraisal for the need for change grounded in a solid organizational and environmental assessment?
2. **How have you investigated the perspectives of internal and external stakeholders?** Who has a stake in the matter of change and do you understand their perspectives on the need for change? People’s perspectives of organizational life are often determined by their role and their level in the organization. How many people have you talked with in marketing, operations, HR, and so forth? How many middle and upper middle managers have you talked with? What external stakeholders, such as customers and vendors, have you talked with or surveyed?
3. **How can the different perspectives be integrated in ways that offer the possibility for a collaborative solution?** How can you avoid a divisive “we/they” dispute?
4. **How have you communicated the message concerning the need for change? Have you done so in ways that have the potential to move the organization to a higher state of readiness for and willingness to change?** Or have your deliberations left change recipients feeling pressured into doing something they don’t agree with, don’t understand, or fear will come back to haunt them?

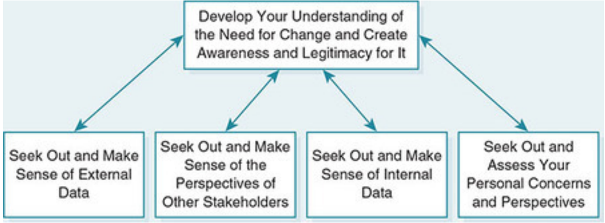
The challenges at this stage for change leaders are to develop the information they need to assess the situation, develop their views on the need for change, understand how others see that need, and create awareness and legitimacy around the need for change when a shared awareness is lacking. To make headway on these questions and challenges, change leaders need to seek out and make sense of external data, the perspectives of stakeholders, internal data, and their own personal concerns and perspectives. (Figure 4.2 outlines these factors.)

Seek Out and Make Sense of External Data

Change leaders should scan the organization's external environment to gain knowledge about and assess the need for change. Getting outside one's personal perceptual box helps to avoid blind spots that are created by "**closed-loop learning**."[*][10] Change agents may make incremental improvements and succeed in improving short-term results. However, change leaders may not be doing what is needed to assess the risks and opportunities and to adapt to the environment over the long term.[11] Executives tend to spend too little time reflecting on the external environment and its implications for their organizations.[12]

[*] Closed-loop learning is learning that focuses on current practices and perspectives rather than developing a deeper understanding of the complex interactions underpinning the situation, including the impact of the external environment.

Figure 4.2 Developing Your Understanding of the Need for Change


Develop Your Understanding of the Need for Change and Create Awareness and Legitimacy for It
Seek Out and Make Sense of External Data
Seek Out and Make Sense of the Perspectives of Other Stakeholders
Seek Out and Make Sense of Internal Data
Seek Out and Assess Your Personal Concerns and Perspectives

An organization that is experiencing an externally driven crisis will feel the sense of urgency around the need for change. In this case, the change initiator's task will be easier.[13] This crisis can be used to mobilize the system and galvanize people's attention and actions. Without this, many within the organization may not perceive a need for change even though the warning clouds or the unaddressed opportunities may be keeping the change leader awake at night.

The value of seeing organizations as open systems cannot be underestimated. This analytic approach and the learning it promotes play an important role in the development of awareness, improved vision, and flexibility and adaptability in the organization.[14] Often the question for the change leader becomes "Which external data do I attend to?" A change agent can drown in information without a disciplined approach for the collection, accumulation, and integration of data. Consider how complex the innocuous-sounding task of benchmarking can become.[15] The absence of a disciplined approach to data gathering may mean that time is wasted, that potentially important data go uncollected or are forgotten, or the data are never translated into useful information for the organization.

Some sources for data will be concrete (trade papers, published research, and news reports), while others will be less tangible (comments collected informally from suppliers, customers, or vendors at trade shows). Data collection can take a variety of forms: setting aside time for reading, participating in trade shows and professional conferences, visiting vendors' facilities, and/or attending executive education programs. Just as important, the change leader should consider engaging others in processes related to framing the questions, identifying and collecting data, and systematically interpreting the results in a timely fashion. This makes the task more manageable, increases the legitimacy of the data and the findings, builds awareness and understanding of the need for change, and creates a greater sense of ownership of the process.

Working without awareness of the external environment is the equivalent of driving blind. And yet it happens all the time. For a variety of reasons, ranging from a heavy workload or a sense of emergency, to complacency or arrogance, organizational leaders can be lulled into relying on past successes and strategies rather than investigating and questioning. In so doing, they risk failing to develop an organization's capacity to adapt to a changing environment.[16]

Seek Out and Make Sense of the Perspectives of Stakeholders

Change leaders need to be aware of the **perspectives of key internal and external stakeholders** and work to understand their perspectives and reasons for supporting or resisting change. This will inform and enrich a change agent's assessment of the need for change and the dynamics of the situation, and allow them to frame their approaches in ways that have a greater chance of generating needed support. Without such work, it is impossible to accurately assess perceptions of the situation and frame responses to questions that will resonate with those stakeholders—questions such as why change and what's in it for me?[17]

Externally, these stakeholders may include suppliers, bankers, governmental officials, customers, and alliance and network partners. Internally, the stakeholders will include those individuals who are directly and indirectly affected by the change. If the change involved a reorganization of production processes, the internal stakeholders would include a long-list of managers: production supervisors; union officials; human resource personnel with recruitment and training responsibilities; finance folks with budget and control tasks; sales and marketing managers with customer service implications and IT implications; and engineering managers.

The point of view of the person championing the need for change will likely differ from the perspectives of other stakeholders. What is interesting and important to those stakeholders will vary, and this will affect what data and people they pay attention to and what they do with the information. If the change leader hopes to enlist their support or at least minimize their resistance, the leader needs to capture and consider their perspectives and the underlying rationale.[18] Particular stakeholders may still remain ambivalent or opposed to the change, but not seeking them out and listening is likely to make things worse. Why create resistance if you don't have to?

All of this highlights the importance of doing preparatory analysis and having a purposeful discussion with affected stakeholders and those who understand their perspectives and can potentially influence them. It will increase the change leader's awareness and sensitivity to the context, inform and strengthen the analysis, and indicate blind spots and alternative explanations and paths.

Change Vision at an Insurance Firm

When a North American insurance firm acquired one of its competitors, the senior manager in charge of integrating the acquisition was determined to have every employee understand the need for change, the new vision, and its implications. On the day the deal was announced, she made a live presentation (along with the CEO and other key officials) to employees at the head office of the acquisition and streamed the meeting live to all of the acquisition's branch offices and facilities, as well as into the parent organization. She honored the acquisition's senior management team, who were present, communicated the reasons for the acquisition and its implications for change, took questions, and encouraged employees to contact her with questions or concerns. She set up a special website and phone line to answer questions in a timely and direct manner and followed this with visits to all the offices, key customers, and suppliers over the next two months. She held two town-hall meetings with employees over the next year to communicate the status of integration activities and reduce anxiety.

An integration team from the acquiring firm was deployed to the acquired firm the day the deal was announced. After introducing themselves and their mandate, the integration team presented specific initiatives with staff to align key systems and processes and develop strategic and tactical plans. Leaders from the integration team visited key groups at all levels in the acquired organization to discuss the need for change, to discuss their current position in the marketplace, and to review how the roles and responsibilities were currently organized. Integration team members communicated what they knew, listened hard, and made firm commitments to get back with answers by specific dates. The integration team honored those commitments, including the communication of the new organization's strategic and tactical plans and clarification of each person's employment status, within 90 days of the acquisition. Like the senior manager responsible for the integration of the acquisition, the integration team communicated candidly, listened, and adjusted to assessments of the need for change and the strategic path forward, based upon what they learned. The team's approach tapped into the emotional needs of "acquired" employees, reducing their anxieties, instilling hope for the future, and illustrating that their views and concerns were heard. Employee surveys, low absentee and turnover rates, and performance data confirmed this.[19]

The change agents for the insurance firm did their homework when developing and communicating the need for change. They openly engaged stakeholders in dialogue, listened and responded with care and consideration, and then proceeded to the next stage in the change process. Too many executives underestimate the need for communication and the importance of it being two-way. There can never be too much top-level communication and support, but unfortunately, there is often far too little listening. A rule of thumb for managers is to talk up a change initiative at least three times more than you think is needed and listen at least four times as much as you think you should![20] One change leader states that messages need to be communicated 17 times before they get heard![21]

Seek Out and Make Sense of Internal Data

It is no surprise that change leaders need to pay careful attention to internal organizational data when developing their assessment of the need for a particular initiative. Change agents who command internal respect and credibility understand the fundamentals of what is going on within a firm. Change leaders need to know what can be inferred from internal information and measures, how these are currently being interpreted by organizational members, and how they may be leading the firm down the wrong path. Some of this will be in the form of so-called hard data—the sort that can be found in the formal information system and it is often numeric in nature (e.g., customer retention and satisfaction, service profitability, cycle time, and employee absenteeism). Other valuable information will be soft data, the intuitive information gathered from walking around the building and work areas and having discussions with critical stakeholders. For example, do employees generally pick up litter such as candy wrappers, or is that task left exclusively to the janitorial staff? The former often indicates widespread pride and feelings of ownership in an organization.

Seek Out and Assess Your Personal Concerns and Perspectives

“Know thyself” is a critical dictum for change leaders. Change agents need a good understanding of their strengths and weaknesses, attitudes, values, beliefs, and motivations. They need to know how they take in information and how they interpret and make decisions. They need to recognize their preferences, prejudices, and blind spots. As change agents expand their self-awareness, they are freer to ask questions and seek help when they need it.[22]

> “I think it’s a combination of how self-aware people are and how honest they are. I think if someone is self-aware, then they can always continue to grow. If they’re not self-aware, I think it’s harder for them to evolve or adapt beyond who they already are.”
>
> Tony Hsieh, CEO, Zappos.com, Inc.[23]

During the Cuban Missile Crisis, October 1962, Collins and Porras report that President Kennedy was incredibly comfortable with expressing what he did not know and asking many questions before passing judgments.[24] This led to informed decision making that may have saved the world from World War III. Many change leaders have difficulty publicly owning the fact that they do not have all the answers and demonstrating a real interest in listening and learning. They likely have noticed that someone who communicates more confidence in their judgment tends to be responded to more positively than a person who is more cautious—particularly if the audience is predisposed to that point of view. However, behavioral economists have found that this can lead to serious errors of judgment. For example, those individuals in the media who are most self-assured in their judgment are significantly less accurate than those who are more nuanced in their assessments. We may love their bravado and certainty, which helps explain their frequent appearances on TV, but beware of putting too much trust in their conclusions![25] In 2002–2003 Vice President Dick Cheney’s confidence in Saddam Hussein and Iraq’s possession of weapons of mass destruction was absolute, and yet, U.S. forces found very few.

Reputations for skill, judgment, and success develop over time, and this development is aided by a greater willingness to look, listen, and learn before committing to a course of action. As Daniel Kahneman and his colleagues have noted, dangerous biases creep into important decision making and these need to be guarded against. Taking steps that keep you open to learning and testing your assumptions can help you avoid decision traps and greatly benefit the quality of the final choice.[26] These actions reinforce the value of looking before you leap. People will build trust in your judgment, knowing that you’ve done your homework and considered the situation seriously, and show others that a little humility in one’s judgment never hurts.[27]

> New Leadership at Microsoft
>
> With the selection of Satya Nadella as its CEO in February 2014, Microsoft signaled a departure from the loudness of Steve Ballmer and a return to someone more like Bill Gates in his skill set and approach to management. Nadella is very competent technically and managerially and has demonstrated this over the years at Microsoft as he has successfully led change initiatives, most recently at the Cloud and Enterprise group. People report that he has done so by asking questions, listening, and engaging and energizing participants in ways that allow them to get out of their comfort zone and succeed. Those who have worked with him say he is honest, inclusive, authentic, and caring—generating success by thoughtfully nurturing the involvement and commitment of those around him.[28]

Whenever we, the authors, work with groups of university students, or managers and executives who are attempting organizational change, we caution them not to assume that their perspectives are held by all. They often fail to understand the impact of their own biases, perspectives, and needs and how they differ from those of others involved in a change initiative. They believe that they understand the situation and know what must change; this attitude can create significant barriers to accomplishing the change objectives. The strength of their concerns combined with their lack of self-awareness creates blind spots and causes them to block out dissenting perspectives. When change leaders talk to stakeholders, they may receive polite responses and assume that this implies a commitment to action. Statements such as “That’s an interesting assessment” are taken as support rather than as neutral comments. Change leaders’ inability to read subtle cues or misinterpret legitimate concerns as resistance, rather than thoughtful feedback, leads them astray.

In an extreme attempt to protect himself and his followers from his personal shortcomings and cult-like reputation, Nehru, one of the founding fathers of modern, independent India, used an alias when he wrote the following about himself in a prominent publication in 1937. The backdrop was the struggle for independence from Britain, which was achieved 11 years later.

> What lies behind that mask of his, what desires, what will to power, what insatiate longings? Men like (Nehru) with all their capacity for great work, are unsafe in democracy . . . every psychologist knows that the mind is ultimately a slave to the heart and logic can always be made to fit in with the desires and irrepressible urges of a person. . . . (Nehru’s) conceit is already formidable. It must be checked. We want no Caesars.[29]
>
> —Nehru writing in the press about himself, using an alias

Nehru’s deep commitment to India’s independence did not blind him to how his own ego and the burgeoning hero worship that he was experiencing might impair the goal of a democratic India that would need an electorate that exercised thoughtful discourse and informed decision making. As such, he publicly noted the trend toward hero worship and its intoxicating impact on himself and his followers.

This section asks change leaders to consider their readiness for leading a change initiative and the roles that they will play in the process. It asks change agents to assess their skills, abilities, and predispositions to assess and guide the change. In Chapter 8, change agents will again be asked to look in a mirror and assess their predispositions toward various change agent roles. See **Toolkit Exercise 4.2** to understand and diagnose a need for change.

Assessing the Readiness for Change

Understanding the need for change and creating a vision for change are closely linked. Diagnosing where an organization is in the present moment is a prerequisite for figuring out its future direction. Beckhard and Harris[30] argue that addressing the question “Why change?” is a necessary precondition to being able to define the desired future state or the vision. If the question of “Why change?” is never meaningfully addressed, no one should expect the emergence of any sense of a shared vision. The answer to “Why?” is a prerequisite to the “What?” and the “How?” of change.

While dissatisfaction with the status quo by senior managers is certainly very helpful in advancing change, it is unlikely to be a *sufficient* condition. Spector[31] argues that the creation of dissatisfaction among others is needed. This dissatisfaction can be developed by sharing competitive information, benchmarking the organization’s performance against others, challenging inappropriate behaviors through highlighting their impact, developing a vision for the future that creates frustration with the present state, and simply mandating dissatisfaction if one has the clout. Being dissatisfied with the status quo helps to ready the organization for change. That readiness depends on previous organizational experiences, managerial support, the organization’s openness to change, its exposure to disquieting information about the status quo, and the systems promoting or blocking change in the organization.

Change initiators may understand the need for change, but other key stakeholders may not be prepared to recognize that need or believe it is strong enough to warrant action. Newspaper accounts of the failure to react in time are all too common (e.g., Chrysler in the auto industry,[32] Target (Canada) and Kmart in retailing,[33] Yahoo and BlackBerry in the digital world[34]). Though a litany of reasons is offered in the press, two common themes emerge: (1) Management failed to attend to the warning clouds or the opportunities that were clearly visible, often well in advance; and (2) when management took actions, they did too little too late. Past patterns of success can lead to active inertia (doing more of the same), flawed environmental scanning and assessments, and other factors that will be discussed later in the chapter that sabotage organizational members’ capacity to successfully adapt.[35]

Organizational readiness for change is determined by the previous change experiences of its members; the flexibility and adaptability of the organizational culture; the openness, commitment, and involvement of leadership in preparing the organization for change; and member confidence in the leadership. It is also influenced by the organizational structure, the information members have access to, reward and measurement systems, resource availability, and the organization’s flexibility and alignment with the proposed change.[36] This theme goes back to Chapter 3’s discussion of Nadler and Tushman’s Congruence Model and the importance of alignment. Readiness is advanced when organizational members can see how the existing misalignment is getting in the way of producing better outcomes and believe that the needed realignment can be achieved. An organization’s readiness for change will influence its ability to both attend to environmental signals for change and listen to internal voices saying that change is needed.[37]

Previous experiences affect **individual readiness for change**. If organizational members have experienced more gain than pain from past change initiatives, they will be more predisposed to try something new. However, there is also the risk that they may resist changes that divert them from initiatives that have worked in the past.

If previous change experiences have been predominantly negative and unproductive, employees tend to become disillusioned and cynical (“we tried and it didn’t work” attitude).[38] However, under the right conditions, this situation may produce increased resolve concerning the need for change. (Reactions to past change experiences will be discussed further in Chapter 7.)

Writers regularly report that the development and maintenance of top management’s support is crucial to change success.[39] If senior managers are visibly supporting the initiative, are respected, and define and tie their success to the change initiative, then the organization is likely to be receptive to change. However, it is not unusual to find differences of opinion concerning change at the senior management level, so a lack of initial support is a reality that many change leaders must navigate. The beginning of any change journey can feel quite lonely, because though you and a few others have become convinced of the need for change, others may have quite different opinions about the need or not yet have given the matter much thought. This includes senior management. Perhaps more troubling situations than the lack of visible support occur when senior management assures change agents of support but fails to provide it at crucial moments because it isn't one of their priorities or they choose to engage in passive forms of resistance.

Organizations that have well-developed external scanning mechanisms are likely to be aware of environmental changes. Cultures and systems that encourage the collection and objective interpretation of relevant environmental, competitive, and benchmark data tend to be more open to change and provide members of the organization with the information they need to provoke their thinking concerning the need for change.[40] If the culture supports environmental scanning and encourages a focus on identifying and resolving problems rather than "turf protection," organizations will be more open to change.

Readying an Organization for Change

Armenakis and his colleagues[41] identified factors for **readying an organization for change**.

Their list includes the following:

1. The need for change is identified in terms of the gap between the current state and the desired state.
2. People believe that the proposed change is the right change to make.
3. The confidence of organizational members has been bolstered so that they believe they can accomplish the change.
4. The change has the support of key individuals the organizational members look to.
5. The "what's in it for me/us" question has been addressed.

Holt was concerned about an organization's readiness for change and developed a scale based on four beliefs among employees: They could implement a change, the change is appropriate for the organization, leaders are committed, and the proposed change is needed.[42] Judge and Douglas were also interested in calibrating an organization's readiness for change and utilized a rigorous approach to identify **eight dimensions related to readiness**:

1. Trustworthy leadership—the ability of senior leaders to earn the trust of others and credibly show others how to meet their collective goals
2. Trusting followers—the ability of nonexecutives to constructively dissent or willingly follow the new path
3. Capable champions—the ability of the organization to attract and retain capable champions
4. Involved middle management—the ability of middle managers to effectively link senior managers with the rest of the organization
5. Innovative culture—the ability of the organization to establish norms of innovation and encourage innovative activity
6. Accountable culture—the ability of the organization to carefully steward resources and successfully meet predetermined deadlines
7. Effective communications—the ability of the organization to effectively communicate vertically, horizontally, and with customers
8. Systems thinking—the ability of the organization to focus on root causes and recognize interdependencies within and outside the organization's boundaries.[43]

Table 4.1 contains a readiness-for-change questionnaire. It reflects the questions and issues raised in this section and provides another method for helping change leaders assess an organization's readiness for change.[44] By considering what is promoting and inhibiting change readiness, change agents can take action to enhance readiness—a change task in and of itself. For example, if rewards for innovation and change are seen to be lacking, or if employees believe they lack the needed skills, steps can be taken to address such matters. When considering rewards, remember these include intrinsic as well as extrinsic rewards. The impact of rewards on judgment and behavior needs to be considered carefully, because it can be complicated. For example, excessive rewards for success or excess punishment for failure are more likely to produce unethical behavior.[45] Alternatively, intrinsic rewards and moderate levels of equitable extrinsic rewards that are nested in teams can heighten information sharing, motivation, and commitment.[46] More will be said about this in later chapters. Change readiness must be consciously developed, aligned with supportive systems and structures, and then put to use as a source of competitive advantage. Developing change readiness is an important matter in both public and private organizations.[47]

Table 4.1 Rate the Organization’s Readiness for Change

Table 4.1 Rate the Organization’s Readiness for Change

Readiness Dimensions	Readiness Score
Previous Change Experiences	
1. Has the organization had generally positive experiences with change?	Score 0 to +2
2. Has the organization had recent failure experiences with change?	Score 0 to -2
3. What is the mood of the organization: upbeat and positive?	Score 0 to +2
4. What is the mood of the organization: negative and cynical?	Score 0 to -3
5. Does the organization appear to be resting on its laurels?	Score 0 to -3
Executive Support	
6. Are senior managers directly involved in sponsoring the change?	Score 0 to +2
7. Is there a clear picture of the future?	Score 0 to +3
8. Is executive success dependent on the change occurring?	Score 0 to +2
9. Are some senior managers likely to demonstrate a lack of support?	Score 0 to -3
Credible Leadership and Change Champions	
10. Are senior leaders in the organization trusted?	Score 0 to +3
11. Are senior leaders able to credibly show others how to achieve their collective goals?	Score 0 to +1
12. Is the organization able to attract and retain capable and respected change champions?	Score 0 to +2
13. Are middle managers able to effectively link senior managers with the rest of the organization?	Score 0 to +1
14. Are senior leaders likely to view the proposed change as generally appropriate for the organization?	Score 0 to +2

Readiness Dimensions	Readiness Score
15. Will the proposed change be viewed as needed by the senior leaders?	Score 0 to +2
Openness to Change	
16. Does the organization have scanning mechanisms to monitor the internal and external environment?	Score 0 to +2
17. Is there a culture of scanning and paying attention to those scans?	Score 0 to +2
18. Does the organization have the ability to focus on root causes and recognize interdependencies both inside and outside the organization’s boundaries?	Score 0 to +2
19. Does “turf” protection exist in the organization that could affect the change?	Score 0 to -3
20. Are middle and/or senior managers hidebound or locked into the use of past strategies, approaches, and solutions?	Score 0 to -4
21. Are employees able to constructively voice their concerns or support?	Score 0 to +2
22. Is conflict dealt with openly, with a focus on resolution?	Score 0 to +2
23. Is conflict suppressed and smoothed over?	Score 0 to -2
24. Does the organization have a culture that is innovative and encourages innovative activities?	Score 0 to +2
25. Does the organization have communications channels that work effectively in all directions?	Score 0 to +2
26. Will the proposed change be viewed as generally appropriate for the organization by those not in senior leadership roles?	Score 0 to +2
27. Will the proposed change be viewed as needed by those not in senior leadership roles?	Score 0 to +2
28. Do those who will be affected believe they have the energy needed to undertake the change?	Score 0 to +2
29. Do those who will be affected believe there will be access to sufficient resources to support the change?	Score 0 to +2
Rewards for Change	

Readiness Dimensions	Readiness Score
30. Does the reward system value innovation and change?	Score 0 to +2
31. Does the reward system focus exclusively on short-term results?	Score 0 to -2
32. Are people censured for attempting change and failing?	Score 0 to -3
Measures for Change and Accountability	
33. Are there good measures available for assessing the need for change and tracking progress?	Score 0 to +1
34. Does the organization attend to the data that it collects?	Score 0 to +1
35. Does the organization measure and evaluate customer satisfaction?	Score 0 to +1
36. Is the organization able to carefully steward resources and successfully meet predetermined deadlines?	Score 0 to +1
The scores can range from -25 to +50.	
If the organization scores below 10, it is not likely ready for change and change will be very difficult.	
• The higher the score, the more ready the organization is for change. • If the score is below 10, the organization is not likely ready for change at the present. • To increase readiness, change agents can use the responses to the questions to help them identify areas that need strengthening and then undertake actions to strengthen the readiness for change.	
Change is never “simple,” but when organizational factors supportive of change are in place, the task of the change agent is manageable. **The purpose of this tool is to raise awareness concerning readiness for change. Change agents can modify it to better reflect the realities of their organization and industry.**	

Source: Adapted from Stewart, T. (1994, February). “Rate your readiness to change” scale. Fortune, 106–110; Holt, D. (2002). Readiness for change: The development of a scale. *Organization Development Abstracts*, Academy of Management Proceedings, and Judge, W., & Douglas, T. (2009).Organizational change capacity: The systematic development of a scale. *Journal of Organizational Change Management, 22*(6), 635–649.

Heightening Awareness of the Need for Change

When an organization is open to change, thinking individuals will still want to critically assess the evidence concerning the need for change. The change leader may experience blanket resistance and defensiveness, or may experience more localized opposition. Individuals may recognize the need for change in some departments and functions but be resistant to recognizing the need for change as it gets closer to home. If they see only the unraveling of what they've worked to accomplish and/or unpleasant alternatives ahead for them, they will be very reluctant to embrace change proposals. Even when the need for change is broadly recognized, action does not necessarily follow.

From Bad to Worse: Garbage Services in Naples, Italy

Naples, Italy, has lived with a garbage problem for years. Poor management, organized crime, and ineffective political leadership allowed the matter to fester and escalate. In 2008, worldwide coverage of the problem drew attention and political promises for action, as 55,000 tons of uncollected garbage filled city streets, and 110,000 to 120,000 tons awaited treatment in municipal storage sites. Though the streets are now cleaner, resolution has been slow and suspect. Untold tons of irresponsibly (some would argue criminally) handled waste continue to reside in illegal landfills that dot the countryside, or they have been shipped elsewhere for questionable "disposal." The results have fouled the environment, endangered health, seriously harmed Naples' economy, and required deployment of the army in 2008 and 2011 to deal with uncollected garbage.[48] In November 2013, the legacy created by decades of mismanagement and corruption erupted very publicly yet again—this time in the form of burning trash heaps on the outskirts of Naples that were producing toxic fumes and threatening water quality and food safety in the region.[49]

In the story above, the need for change seems obvious. However, the politicians of the city and other levels of government were reluctant to take the difficult steps needed to deal with the problems. Clearly, Naples and her citizens were not yet prepared to undertake the type of change needed.

Once change leaders understand the need for change, they can take different approaches to heighten the awareness of the need throughout the organization. Change leaders can do the following:

1. Make the organization aware that it is in or near a crisis.
2. Identify a transformational vision based on higher-order values.
3. Find a transformational leader to champion the change.
4. Take the time to identify shared goals and work out ways to achieve them.
5. Use information and data to raise awareness of the need for change.

1. The first method is a form of shock treatment and involves *making the organization aware that it is in or near a crisis.* Many of the dramatic turnaround stories that are reported are successful because the actions of people were galvanized and focused by the necessity for action. In the face of crisis, people find it difficult to deny the need to change and to change *now*. When the crisis is real, the issue will be one of showing others a way out that they will follow if they have confidence in its viability, given that the alternatives are far from attractive.[50]

At times, managers will be tempted *to create a sense of urgency* to change and mobilize staff around a change initiative that may—or may not— be fully justified. Creating a sense of crisis when one does not really exist must be approached with care.[51] If mishandled, it may be viewed as manipulative and result in heightened cynicism and reduced commitment. The change leader's personal credibility and trustworthiness are then at stake. The reputation developed in and around change initiatives casts a long shadow, for better or worse. The currencies that change agents use are credibility and trustworthiness. These take a long time to develop and can be quickly squandered.[52] An extension of the crisis approach is the "burn or sink your boats." In this case, the change leader takes the process one step further and cuts off any avenue of retreat. That is, there is no going back. This approach is based on the belief that this will lead to increased commitment to the selected course of action. While it may aid in focusing attention, this approach can increase risks: (a) individuals may resent being forced into a situation against their will; or (b) it may produce compliant and even energized behavior in the short term due to the absence of alternatives, but it can give rise to undesirable long-term consequences if the actions come to be viewed as inappropriate or unfair. Consequences can include elevated levels of mistrust, reduced commitment, and poor performance.[53]

> Creating Urgency at New York City's Metropolitan Transit Authority (MTA)
>
> In October 2012, Hurricane Sandy left huge challenges for NYC's MTA. MTA used the sense of urgency to motivate staff to think in creative ways to get the most essential job done. The priority was to get the city connected and moving after the storm. Despite there being no emergency handbook for this kind of situation, the MTA was able to get partial service up within days and full lines running within a week.[54]

In the wake of Hurricane Sandy, the transit system was underwater in many areas, infrastructure had been destroyed, and virtually nothing was running. The crisis faced by Joseph Leader, the subway's chief maintenance officer, and all the other executives and staff, was both real and devastating. They knew tough decisions were needed around the alignment and coordination of resources and that a huge amount of work would be required to get the city's transit system operational. A competent and highly motivated staff, combined with the powerful shared goal of getting the trains moving, allowed them to mobilize, sort out what needed to be done, and act—even in the absence of protocols.

Urgency is straightforward when there is an event such as Sandy. However, it can prove more difficult when it evolves more slowly, such as deteriorating market conditions, or in the case of not-for-profits such as government agencies, deteriorating service standards or relevance to the public. With the right use of data and influence approaches, people can be woken up. Creating a sense of social and political urgency through advocacy approaches has proven powerful in the public arena, as seen in the pressure for change in the U.S. Department of Veterans Affairs.[55] Likewise, approaches that disrupt existing perspectives, challenge past learning, and hasten the adoption of new perspectives through creating a sense of urgency have been shown to help new product development teams get out of ruts and become more effective, though they do have to guard against information and knowledge loss in the process.[56]

2. A second approach to enhancing people's awareness of the need for change is by *identifying a transformational vision based on higher-order values*, such as the delivery of superb service and responsiveness to customers' needs. Transformational visions tap into the need for individuals to go beyond themselves, to make a contribution, to do something worthwhile and meaningful, and to serve a cause greater than themselves. These appeals can provide powerful mechanisms to unfreeze an organization and create conditions for change. In addition, transformational visions pull people toward an idealized future and a positive approach to needed change.

Cynics in an organization may reject these visionary appeals for several reasons. They may see them as superficial, naive, ill-advised, off-target, or designed simply to serve the interests of those making the pronouncements. If organizational members have previously heard visionary pronouncements, only to see them ignored or discarded, they may believe the most recent iteration is simply the current "flavor of the week" approach to change.

Change agents need to be committed to following through on the actions that underlie the visionary appeals. If they are not, then they should stop rather than contribute to the build-up of organizational cynicism and alienation that accompanies unmet expectations. Nevertheless, the power of truly transformational visions should not be underestimated. How else do we understand the response to the visionary perspectives provided by change leaders such as Mahatma Ghandi and Nelson Mandela?

3. A third approach to enhancing the need for change is through *transformational leadership*. Leadership in general and transformational leadership, in particular, continue to command attention in the change literature—not surprising, given its stature in Western culture and mythology.[57] From George Washington to Adolf Hitler, from Nelson Mandela to Saddam Hussein, we elevate heroes and condemn villains.

The same is true for the corporate world. Steve Jobs's resuscitation of Apple, Anne Mulcahy's transformation of Xerox, Thomas Tighe's work at Direct Relief International, Oprah Winfrey's growth of a media empire, Richard Branson’s entrepreneurial initiatives at Virgin, and Elon Musk’s development of PayPal, SpaceX, and the Tesla automobile are examples of the work of successful transformational leaders. The appeal of charismatic and transformational individuals is powerful. In addition to effectively framing the change vision as noted above, they have the capacity to create strong, positive personal connectedness and a willingness to change in followers that often overrides the followers’ personal concerns. However, corporate scandals (e.g., Bernie Ebbers of WorldCom, Bernie Madoff of Madoff Investment Securities, Angelo Mozilo of Countrywide Financial, and John Stumpf of Wells Fargo) remind people of the risks of idolizing transformational exemplars. Even GE’s Jack Welch’s image took a beating with published reports of his divorce battles and the size and nature of his retirement package.[58] Caution is needed if you are relying on charisma to induce followers to change an organization. Charismatic appeals can prove powerful and helpful, but there are good reasons for people to be suspicious of charismatic appeals because history demonstrates that personal magnetism is not always directed toward desirable outcomes.

It is important to note that many leaders are very effective change agents without being particularly charismatic. Some of those who have proven to be most influential in nurturing long-term organizational success have been much quieter in their approach.[59] Such a list would include Meg Whitman, CEO of HP; Satya Nadella, CEO of Microsoft; Warren Buffett of Berkshire Hathaway; Michael Latimer, president and CEO of OMERS, a large Canadian pension fund; Ursula Burns, CEO of Xerox; and Ellen Kullman, CEO of DuPont.

4. A fourth way of stimulating awareness of a need for change is by *taking the time to identify shared goals and working out ways to achieve them*. Finding common areas of agreement is a very useful way to avoid resistance to change. Instead of focusing on what might be lost, examine the risks of not taking action. What will be gained by taking action can create momentum for change. This is often achieved by having people seriously consider their long-term interests (rather than their immediate positions) and the higher-order goals that they would like to pursue. Shared interest in and commitment to higher-order goals can provide a powerful stimulus for commitment and mobilization.

5. Fifth, *information and data can be used* to raise awareness of the need for change. In many respects, this is the inverse of the command-and-control approach to change, because it seeks to build awareness and support through information rather than edict. Reluctance to change may be a result of lack of information, or confusion about conflicting sources of information. This can be overcome with a well-organized communications campaign that provides employees with needed information, such as best practices in a specific area; benchmark data about the practices and approaches of others; visits to other organizations to see and hear about their practices; or competitive data on the specific topic.[60] Research on effective organizations can provide a compare-and-contrast picture to an organization’s current mode of operation and that process can stimulate discussion and facilitate change.

Misguided Approach to Change

In October, 2018, Sears filed for bankruptcy. Founded in St. Louis in 1928, Sears had been a retailing giant, with thousands of stores across the USA. Hard-hit by the e-commerce revolution in retailing, Sear’s billionaire CEO Eddie Lampert decided to reengineer the company’s finances rather than do the hard-work of organizational change. Since 2005 Lampert spent $6 billion to buy back Sears’ own shares in an effort to support its stock price. William Lazonick, a retired University of Massachusetts’ Economics Professor and an expert in share repurchasing, argues that if Lampert had used the $6 billion to reduce its debt burden and/or provide capital to modernize stores, then Sears just *might* have stayed out of bankruptcy court.

Once again, the change agent’s credibility is crucial. If employees are suspicious of the motives of the change agent, the accuracy of the information, or there has been a history of difficult relationships, then the information will be examined with serious reservations. When employees come to accept the information and related analyses, the ground is fertile for the development of a shared sense of the need and the vision for change.

Factors That Block People from Recognizing the Need for Change

Giving voice to the need for change can create awareness in employees. However, future directions are not always obvious and an organization's history and culture can be strong impediments to new pathways. It took Hewlett-Packard a number of years of poor performance, problematic acquisitions, and related stumbles under different CEOs (most notably Carly Fiorina) until they recognized that cobbling in poorly fitting acquisitions to boost market share, and focusing primarily upon efficiency and cost reduction by playing with structures and product/service portfolios, would not reverse the fortunes of their business. Meg Whitman, the retired CEO of eBay, stepped into this very difficult situation and led the revitalization of storied HP by valuing its roots, leading the conversation around the need for change, working to create a sense of urgency and hope, and taking actions to remove some of the obstacles in the way.

Reversing the Death Spiral at Hewlett-Packard

Hewlett-Packard had demonstrated commitment over the years to the belief that long-term success was grounded in the "'HP Way"—a cultural perspective that celebrated technical expertise, flexibility, and innovation; placed high value on their collegial, teamwork-based environment; saw employees as their most important resource; and had a strong customer orientation and commitment to act with integrity at all times. However, in 1999, following a period of lackluster performance, HP hired Carly Fiorina as their CEO. Fiorina's top-down leadership style put results as the number one priority and arguably devalued employees. Her autocratic and aggressive style left her workforce demoralized. The ill-conceived merger with Compaq and a number of other major actions, such as the restructuring of the enterprise into a more hierarchical one, generated sustained, deepening disappointment on the performance front.

It could be argued that Fiorina suffered from tunnel vision concerning how to act on the need for change and manage the path forward. This blocked her from realizing how to value what was there, respond constructively to the challenges they faced, and modify her management style to facilitate needed changes. The results of her actions demoralized members of the firm, generated significant turnover, and adversely affected the entire organization.

Following Fiorina's dismissal in 2005 and subsequent flawed efforts to get things back on track, the board appointed Meg Whitman as CEO in 2011. At that point, many believed HP was operating on borrowed time. A number of the members of the senior management team were reported to have been very unhappy with her appointment. Whitman was an outsider, and some of them had been jockeying for the top job.

Whitman knew that hard choices were needed. These included making major changes to her senior management team to get rid of infighting and promote much-needed cooperation and constructive engagement. Major job cuts (34,000) had to be made to address cash flow and market realities. However, she also clearly signaled a return to the organization's roots, by restoring funding and executive support for what was then a gutted and demoralized R&D function, symbolizing their commitment to innovation. She made the need for change salient to organizational members and highlighted a sense of urgency. The enterprise was restructured to better align it with the emergent strategy, and she reinforced the importance of having a clear customer focus. Further, she created a vision for the future that offered employees reasons for hope and regenerated shared commitment through the focus on teamwork, collaboration, excellence in execution, and shared celebrations of success. Changes of this magnitude do not happen overnight. HP's impressive return to cultural and financial health by 2014 (stock price up 300% since 2011; being recognized as one of the 100 top employers in Canada in 2014) show that they were well on their way.[61] There were drops in revenue, profit and unit performance in 2015 and 2016, but these had rebounded nicely by 2017. Its share price was approximately 2.2 times its 2016 low by January 2019.[62]

All too often, strategists will introduce a new direction and seek to change the organizational culture without attending to the question of the impact of cultural artifacts on the desired change.[63] Cultural artifacts are the stories, rituals, and symbols that influence employees' attitudes and beliefs; they are important because they help to define and give life to the culture. If change agents continue to tie themselves to those artifacts, they may reinforce the old culture they wish to change. However, being dismissive of the past can also be problematic because it may signal that things done in the past are no longer valued. The challenge is: how do you value the past and its positive attributes without trapping yourself in the past? In 1994, Bethune and Brenneman faced this challenge when they tackled the turnaround of Continental Airlines, taking the firm from near bankruptcy and the worst customer service ratings in the industry to success on all fronts over the next decade.[64] One of the major reasons that they were successful in implementing a turnaround was their introduction of new cultural artifacts that highlighted customer service as a key corporate value.

Cultural Change at Continental Airlines

A new reward system was put into place at Continental that focused on improved service. Performance-reward systems, in and of themselves, are not necessarily cultural artifacts, but this new reward system contrasted with past practices. It was tied directly to corporate performance, and the financial rewards were paid in a separate check to employees to draw attention to the relationship between performance and rewards. This reward system not only reinforced a new value at Continental, but it also became a symbol to employees of the importance of high levels of performance in the new Continental, as opposed to the acceptance of poor performance, as had been the case in the old Continental. In addition, stories were told throughout Continental about how the new CEO told jokes to employees, answered questions honestly, and was an all-around good guy to work for. These and numerous additional artifacts replaced old ones that had reinforced bureaucracy and the acceptability of poor performance and that had led to unbelievably low employee morale.[65] They succeeded in sustaining positive changes in customer service and fleet performance over the years, and their financial performance reflected their success in this very competitive industry. In 2009, *Fortune* magazine named Continental the world's most admired airline, and the World Airline Awards recognized it as the best North American airline.[66] In 2010 United Airlines acquired Continental.

Both the Continental and HP examples show that the existing culture can impair organizational members' capacity to either recognize the urgency of the need for change, or believe that there is the organizational will to constructively respond. Even if organizational members recognize the need, culture can impede their ability to take appropriate actions until things occur that weaken the existing beliefs and open the way to new thinking about the organization, the current situation, and its leadership. When this occurred at Continental and HP, the door was opened to meaningful change. Actions that created reasons for hope and reinforced the development and strengthening of new cultural beliefs ensured that the organization would continue its journey in a positive direction and wouldn't regress to old patterns.

Culture can get in the way of recognizing the need for change in poorly performing firms. However, it can represent an even more difficult barrier in successful firms. Consider Unilever, which had great brands and a long history in emerging markets and yet was falling behind competitors in those same markets. They knew they needed to change something but were mentally locked into the business practices that had become sources of disadvantage.[67] In 2004, they finally recognized the sources of the problem and by 2006 were reaping the benefits in terms of renewed growth and profitability. Unilever's performance was adversely affected by the 2008 recession, along with all their major competitors, but their renewed competitive capacities facilitated their recovery by 2010 and led to all-time share price highs in 2014.[68] Sull argues that organizations trapped in their past successes often exhibit lots of activity (this was true for Unilever), but the outcome is "active inertia," because they remain essentially unchanged.[69] Even when organizations recognize that they need to change, they fail to take appropriate actions. He believes this occurs because

- **Strategic frames**, those mental models of how the world works become blinders to the changes that have occurred in the environment;
- **Processes** harden into routines and habits, becoming ends in themselves rather than means to an end;
- **Relationships** with employees, customers, suppliers, distributors, and shareholders become shackles that limit the degrees of freedom available to respond to the changed environment; and
- **Values**, those deeply held beliefs that determine corporate culture, harden into dogma, and questioning them is seen as heresy.

During periods of financial difficulty, senior management may become polarized in their positions, isolate themselves from data they need, and incorrectly assess the need for change. Senior management may prevent critical information from surfacing as they self-censor, avoid conflict, and/or are unwilling to solicit independent assessments as they attempt to preserve cohesion and commitment to a course of action.[70] These are conditions that lead to groupthink[‡] and can result in disastrous decisions that flow from the flawed analysis.[71] Change agents need to be vigilant and take actions to ensure that groupthink does not cloud a team's capacity to assess the need for change. If change agents are dealing with a cohesive team exhibiting the characteristics of groupthink, the agent needs to take action with care, considering how to make the group aware of factors that may be clouding its judgment. Change agents who attempt to alert such teams to these realities are often dealt with harshly, since “shooting the messenger” is a speedy way for teams to protect themselves from difficult data. Strategies for avoiding groupthink include the following:

[‡] Groupthink is “a mode of thinking that people engage in when they are deeply involved in a cohesive in-group, when the members’ striving for unanimity overrides their motivation to realistically appraise alternative courses of action.” Retrieved December 2010 from http://wps.prenhall.com/wps/media/objects/213/218150/glossary.html.

- Have the leader play an impartial role, soliciting information and input before expressing an opinion.
- Actively seek dissenting views. Have group members play the role of devil’s advocate, challenging the majority’s opinion.
- Actively pursue the discussion and analysis of the costs, benefits, and risks of diverse alternatives.
- Establish a methodical decision-making process at the beginning.
- Ensure an open climate for discussion and decision making, and solicit input from informed outsiders and experts.
- Allow time for reflection and do not mistake silence for consent.[72]

Additional factors that obstruct managerial judgment over the need for change and the inability to develop constructive visions for future action have been highlighted in both the business and academic press. Ram Charan and Jerry Useem summarized such factors in their 2002 *Fortune* magazine article on the role executives play in organizational failures:

- They have been softened by past success.
- They see no problems or at least none that warrant serious change. This can be both internal and external blindness.
- They fear the CEO and his or her biases more than competitors.
- They overdose on risk and play too close to the edge. This is often tied to systems that reward excessive risk taking.
- Their acquisition lust clouds their judgment.
- They listen to Wall Street more than to employees and others who have valuable insights they should attend to.
- They employ the “strategy du jour”—the quick-fix flavor of the day.
- They possess a dangerous corporate culture—one that invites high-risk actions.
- They find themselves locked in a new economy death spiral—one that is sustained and accelerating.
- They have a dysfunctional board that fails in its duties around governance.[73]

Developing a well-grounded awareness of the need for change is a critical first step for change leaders when helping organizations overcome inertia, rein in high-risk propensities, address internal and external blind spots, disrupt patterns of groupthink, and view their environment in ways that open organizational members to change.

So far, this chapter has outlined the variety of perspectives that will exist regarding the need for change. It emphasizes that the perspective of the change leader may not be held by others and that often change leaders need to develop or strengthen the need for change before trying to make specific changes. One of the ways to enhance the perceived need for change and begin to create focused momentum for action is to develop a clear and compelling new vision.

Developing a Powerful Vision for Change

A *vision* is an idealized view of the future. A manager may, for example, have a three-year vision for her career, which, once the next desired-for management level is reached, will require a new vision. The new vision clarifies the actions that the manager will need to take in the future to reach her following career goal. For example, the manager may need to earn an MBA degree to have the skills that are needed for the subsequent level of management responsibilities. Visions, then, foreshadow the type and direction of actions. Just as visions can set direction and action for individuals, visions are also needed for teams, departments, and organizations. When organizations are undergoing massive change, a new vision can provide a powerful pull on employees to participate positively in the change process and the actions that will come.[74] As Simons says, "Vision without task is a dream world and task without vision is drudgery."[75]

Change leaders use visions to create and advance the mental pictures people have of the future. Developing a new vision is a key part of defining a future state: the change leader needs to articulate the gap between where an organization is today and where it wishes—ideally— to go in the future.

Understanding the foundational components of **organizational vision** is important. In an ideal world, it is closely connected to the mission of the organization and informs the core philosophy and values of the institution. It addresses such questions as "What does this organization stand for?" From this should flow the strategies, goals, and objectives of the organization.[76] When change leaders have fully developed a change process, the strategies, goals, and objectives flow from the vision and will address three essential questions for an enterprise:

What business are we in?
Who are our target customers and what is our value proposition to them?
How will we deliver on our value proposition?

Change agents often create "sub-visions" in different department units to generate emotional energy and directional clarity for a large-scale organizational change. These allow the overall new vision to be adapted to reflect how it manifests itself within specific areas of the organization. If FedEx's overriding commitment to its customers for its express service is "absolutely, positively overnight," then a change leader's vision concerning a logistics support initiative might deal with enhancing accuracy in package tracking to reduce error rates to below .00001%.

Beach states,

> Vision is an agenda of goals … vision is a dream about how the ideal future might be … it gives rise to and dictates the shape of plans … vision infuses the plan with energy because it gives it direction and defines objectives. Even the most unassuming vision constitutes a challenge to become something stronger, better, different.[77]

In short, a vision can mobilize and motivate people[78] and have a positive impact on performance and attitudes.[79]

Change leaders need to know *how* to develop a vision. Jick outlines three methods for creating a vision: (a) leader-developed, (b) leader-senior team-developed, and (c) bottom-up visioning.[80] As the name suggests, a **leader-developed vision** is done largely in isolation from others. Once it has been created, it is announced and shared with others in the organization. **Leader-senior team-developed vision** casts a broader net. Members of the senior team are involved in the process of vision formation. Once completed, it is then shared with others. **Bottom-up visioning**, or an employee-centric approach, is time-consuming, difficult, *and* valuable in facilitating the alignment of organizational members' vision with the overall vision for change. If an executive leader can articulate a compelling vision that captures a broad spectrum of organizational members' hearts, then a leader-developed vision is likely appropriate. If, on the other hand, employees are diverse and have mixed feelings about upcoming changes, then the change agent's job will be difficult and a bottom-up approach may be helpful. If employees both "get it" (i.e., the vision) and "want to get it," subsequent support for change will prove much easier to develop, leverage, and implement.[81] This is particularly important when cultural changes are involved.[82] What does it take to develop an effective change vision? According to Jick, good change visions are clear, concise, easily understood.[83] They are

- Memorable
- Exciting and inspiring
- Challenging
- Excellence centered
- Stable but flexible
- Implementable and tangible

The process of creating a vision statement encourages change agents to dream big. Paradoxically, when visions become too grand and abstract, they can cease to have much impact. Alternatively, they may provide guidance that energizes and mobilizes individuals to undertake initiatives that unintentionally work at cross purposes to other initiatives that have been embarked upon or that may even have the potential to put the organization at risk.[84]

Food Banks Canada

Food Banks Canada is the national body that plays a leadership role with its 450 affiliated nonprofit food banks across the country and 10 provincial associations. Its corporate vision is to relieve hunger in Canada every day by raising food and funds to share with food banks nationally, delivering program and services to Canadian food banks, and influencing public policy to create longer term solutions. To help them convey this message they adopted the slogan "a Canada where no one goes hungry." This slogan provides guidance that underpins the vision for specific change initiatives that do the following: promote increased food donations from national and regional organizations (e.g., supermarkets, food producers); advance coordination and cooperation among local food banks and the provincial bodies; enhance press and community awareness of food bank initiatives and hunger issues; build support in the corporate community; and influence relevant governmental organizations and departments on matters related to hunger and food security. These initiatives grew out of restructuring and revitalization initiatives by the food bank community around 2006. At that time the new CEO and other staff members were recruited, the board and its governance processes were restructured, branding activities for the national organization were undertaken, and the approaches to advocacy and outreach were revitalized. As the result of these initiatives, Food Banks Canada has improved its reputation with government, national private sector organizations (e.g., grocery chains and food manufacturers), and affiliated local food banks as a credible and respected national voice on hunger issues, and an effective deliverer of related services. Donations (food, money, and related services such as trucking) are significantly stronger now. Awareness levels related to domestic hunger have also increased. The release of their data-rich annual publication, *Hunger Counts*, now generates significant media attention and commentary by the sorts of individuals who can make a difference.[85]

Lipton provides a pragmatic view of what makes for an effective vision statement. He argues that it needs to convey three key messages: (a) the mission or purpose of the organization, (b) the strategy for achieving the mission, and (c) the elements of the organizational culture that seem necessary to achieving the mission and supporting the strategy.[86] He believes a vision will be more likely to fail when the following occurs:

- Actions of senior managers are incongruent with the vision. They fail to "walk the talk."
- It ignores the needs of those who will be putting it into practice.
- Unrealistic expectations develop around it that can't possibly be met.
- It is little more than limited strategies, lacking in a broader sense of what is possible.
- It lacks grounding in the reality of the present that can be reconciled.
- It is either too abstract or too concrete. It needs to stimulate and inspire, but there also needs to be the sense that it is achievable.
- It is not forged through an appropriately messy, iterative, creative process requiring a combination of "synthesis and imagination."
- It lacks sufficient participation and involvement of others to build a consensus concerning its appropriateness.
- Its implementation lacks "a sense of urgency … and measurable milestones."[87]

Lipton's list provides change leaders with a set of factors to consider when developing and operationalizing their vision for change. Are their actions aligned with the vision? Have they considered the needs of those who will be putting it into practice? If not, Lipton would argue that you are lowering the motivational and directional value the change vision can provide. Conversely, if these elements are present, the power of the change vision is enhanced.

Visions need to paint pictures that challenge the imagination and enrich the soul. Too many vision statements are insipid and dull. Too often they represent generic pap—right-sounding words but ones devoid of real meaning, designed for plaques and outside consumption and not rooted in the heart of the organization. By trying to say everything or appeal to everyone, they say nothing and appeal to no one.[88] Table 4.2 contains the Handy-Dandy Vision Crafter, a cynical view of how some organizational vision statements are developed. While many statements may end up containing words similar to those in the model, the Handy-Dandy Vision Crafter ignores the hard work and the difficult creative process and activities that organizations go through to develop a vision statement that they are truly committed to. In many ways, the process of developing a new vision is as important as the vision itself. However, too many vision statements read as if the Vision Crafter had been used to create them.

Table 4.2 The Cynics' Handy-Dandy Vision Crafter

Table 4.2 The Cynics' Handy-Dandy Vision Crafter

Just fill in the blanks with the words that best suit your needs!

We strive to be the:

____

(Premier, Leading, Preeminent, World-class, Dominant, Best of class …)

Organization in our industry. We provide the best in: ______________________

(Committed, Caring, Innovative, Expert, Environmentally friendly, Reliable, Cost-effective, Focusec
Diversified, High-quality, On-time, Ethical, High-value-added …)

(Products, Services, Business Solutions, Customer-oriented Solutions …)

To:

____

(Serve Our Global Marketplace; Create Customer, Employee, and Shareholder Value; Fulfill Our C
to Our Stakeholders; Exceed Our Customers' Needs; Delight Our Customers …)

Through ______________________________________
employees

(Committed, Caring, Continuously Developed, Knowledgeable, Customer-focused …)

In the Rapidly Changing and Dynamic:

____

(Industry, Society, World)

Sometimes a quick statement, a slogan, can serve as a vision proxy. Consider the following statements:

- Every life deserves world-class care: Cleveland Clinic
- Think differently: Apple Computers
- Saving people money so they can live better: Walmart
- Inspire the world, create the future: Samsung
- To organize the world's information and make it universally accessible and useful: Google
- The greatest tragedy is indifference: Red Cross
- Grace, space, pace: Jaguar

- Play on: Lego
- Until every child is well: Boston Children's Hospital

These slogans are tied to statements of mission and vision, and they provide messages that are clear to employees and customers alike. They are meant to reflect underlying values that the organization holds dear and can help provide continuity with the change vision. Consider, for example, the one adopted by the Cleveland Clinic: Every life deserves world-class care. If you were to take the words at their face value and were an associate there, change initiatives that facilitate access for the poor at the Cleveland Clinic are more likely to be viewed as positive change initiatives than ones focused solely on improving profitability, because they have the potential to be consistent with what the organization is all about.

The slogan "Quality is job #1" was used by Ford to symbolize its determination to improve quality in the 1980s. In the aftermath of quality and safety concerns that buffeted Ford, the automaker successfully used these words, with an accompanying concerted program of action, to refocus employee and public perceptions of the importance of quality to Ford and, ultimately, the excellence of its products. This major initiative spanned several years and was ultimately successful in taking root in the minds of employees and the public. However, the Ford Explorer/Firestone controversy in 2000[89] concerning vehicle stability in emergency situations reopened public questions of Ford's commitment to quality and safety and put extreme internal and external pressure on Ford and Bridgestone, Firestone's parent organization, to restore the public trust. The lesson to draw from Ford's experience is that an image built on a vision that took years to develop can be shattered quickly. Ford appears to have learned from the experience and their recent slogan, "Drive Further," is intended to address customer concerns around quality by committing to deliver products that are up to the challenge.

GM is relearning this lesson now, due to its decade-long failure to address an ignition switch problem that has resulted in a number of deaths, lawsuits, and the recall of approximately 18 million cars in North America in 2014. CEO Mary Barra has worked hard to get out in front of this horrible situation, be transparent with the internal and external investigations, take concerted action to address the issue, and restore public confidence that inaction, such as this, will not recur under her watch at the GM.[90]

Johnson & Johnson's response to the 1982 Tylenol deaths and tampering of bottles scare[91] and Procter & Gamble's[92] response to inappropriate competitive intelligence activities related to hair care products provide two examples of how clear vision can help organizations develop initiatives that respond effectively to potentially damaging events. In the case of Tylenol, this best-selling brand was pulled from store shelves until the company was confident it had effectively addressed the risk of product tampering, at the cost of tens of millions of dollars. In the Procter & Gamble situation, when the CEO found out, he fired those involved, informed P&G's competitor that it had been spied upon, took appropriate action with respect to knowledge that P&G had inappropriately gained, and negotiated a multimillion-dollar civil damage payment to the aggrieved competitor. The actions of these two firms demonstrated their commitment to their respective visions of how they should operate and reinforced public and employee confidence in the firms and what they stood for.[‡]

[‡] Johnson & Johnson's credo can be found at http://www.jnj.com/connect/about-jnj/jnj-credo/. Procter & Gamble's mission, vision, and values can be found at http://www.pg.com/en_US/downloads/media/PVP_brochure.pdf.

Compare Procter & Gamble's and Johnson & Johnson's responses with Toyota's initial reactions to safety concerns in 2009 and 2010. The Toyota vision in 2010 was to become the most successful and respected car company in each market around the world by offering customers the best purchasing and ownership experience. However, one wonders if the desire to become the largest and most successful auto firm got in the way of the vision for respect that would be linked to quality and the willingness to put the needs of customers ahead of the company's own. The response to safety concerns was initially slow and defensive, and Toyota paid a very heavy price in lost sales and damaged reputation and brand.[93] It was ranked the seventh most admired company in the world by *Fortune* in 2010, dropped to 33 for 2011 and 2012, and is slowly regaining ground, landing 29th on the list in 2013.[94]

As noted earlier, companies can be trapped by the existing vision of their organization.[95] Goss, Pascale, and Athos argue that (a) narrow definitions of what the company is about, (b) failure to challenge the accepted boundaries and assumptions of the company, and (c) an inability to understand the context leads to inadequate or mediocre visions. They show the problems that can occur when a vision is achieved—now what? Once the vision is achieved, motivation is lost. It is a bit like a team whose vision was to "make it to the Super Bowl"—it is at a distinct disadvantage when playing against a team whose vision is to "win the Super Bowl."

Once the vision is clear, the issue becomes one of enactment by employees. *Storytelling* is a technique employed by change leaders to communicate a vision and mobilize awareness and interest. Because people identify with and remember stories, change agents can use stories in several ways: to create contextual awareness of how an organization got to its problematic condition; to demystify data; to clarify a change initiative and why a particular course of action makes sense; to relieve or increase tension and awareness; and finally, to instill confidence.[96] The multiple uses of stories make storytelling a critical skill for change leaders. Some have referred to this as ways to increase the "stickiness" of the message and enhance its meaningfulness. To increase the stickiness, Cranston and Keller recommend framing the stories five different ways. By this they mean not stopping the message for change after the traditional data-based approach that either demonstrates shortfalls (here is how we're falling behind and need to improve) or opportunities. In addition to this, they recommend also framing the stories in terms of the impact of the vision on society, the customer, the work team, and the individuals. Which messages are you more likely to remember—stories about positive impacts on you, your work team, your customers, and society, or ones that speak solely to 5% improvements to margins and 10% increase in sales levels?[97]

Wheatley argues that one must "get the vision off the walls and into the halls."[98] She claims that people are often trapped by a mechanical view of vision, one that is limited to only a directional component of vision. She argues that vision should be viewed as a field that touches every employee differently and is filled with eddies and flux and shifting patterns. This view emphasizes the need to understand how each individual "sees" or "feels" the vision. As Beach says, "Each member of the organization has his or her own vision."[99] Somehow, these individual visions need to be combined into an overall sense of purpose for the organization. The active engagement and involvement of employees in the development, communication, and enactment of the vision for change is a strategy that has been effectively used to advance the creation of a shared sense of purpose.[100] Twenty-six centuries ago, Lao Tzu observed that "the best change is what the people think they did themselves."

The Difference Between an Organizational Vision and a Change Vision

While the rules for crafting a vision remain the same, the focus of the vision shifts depending upon the level and position of the change leader. Different parts of the organization will focus the vision for their areas in ways that reflect the aspirations for their part of the enterprise. They should be aligned with the overarching vision but differentiated in ways that generate meaning and energy for those involved with that part of the organization. *Whereas the corporate vision is about the long-term future, the change vision is shorter term in its perspective, and more specific as to the targets for change, the tangible outcomes to be achieved, and the anticipated impact.* In other words, it is focused on the specific changes to be implemented. By definition, they are designed to contribute to the vision of the organization but are focused in their scope, and often require the cooperation of others to bring them to fruition.[101]

This is easy to understand if subunits, such as divisions, are involved with different products and/or services and/or different markets. However, it also holds for other functions within the organization, such as manufacturing, marketing, or accounting services. For example, a staff support function such as HR will have a change focus that is largely internal to the organization, because that is where most of its customers and services lie. However, a vision for change focused on improving HR’s ability to successfully recruit and retain external talent would involve an external focus plus the needed alignment of internal systems and processes to produce the desired results for the organization. If you are an organization needing to scale your operations rapidly, change initiatives that facilitate the recruitment, development, and retention of talented employees takes on added urgency—something firms such as Infosys and Tata Consulting, know all too well.[102] In 2014, Infosys reported they were planning to add 3,500 employees to two of their Indian development centers and were striving to keep their attrition rate at 12% or lower. To promote their image as a desirable employer, they had, among many internal and external initiatives, undertaken specific outreach initiatives to educational institutions and had distributed 10,000 electronic notebooks to students studying in government schools in regions near the two development centers.[103]

Change leaders’ goals are advanced when they develop compelling messages that appeal to the particular groups of people critical to the change initiative. However, in practice, there will be tensions between the changes proposed and what other parts of the organization are attempting to accomplish. For example, the sales force may be focused on how quickly it is able to respond to customers with the products they require, while manufacturing may be rewarded for how efficiently it is able to operate rather than how quickly it is able to respond to customers’ orders. These tensions need to be recognized and managed so that the needed changes do not flounder, and various approaches for handling this will be addressed in subsequent chapters.

When change leaders develop their vision for change, they are challenged with the question of where to set the boundaries. A narrower, tighter focus will make it easier to meet the test of Jick’s characteristics of an effective vision for a specific target audience, but it may also reduce the prospects for building alliances and a broad base of support across an organization. As the need for change extends to strategic challenges and the culture of a firm, this issue of building a broad constituency for the change becomes increasingly important. Two questions must be answered: First, where, if anywhere, do common interests among stakeholders lie? Second, can the vision for change be framed in terms of the common interest without diverting its purpose where it no longer delivers a vision that will excite, inspire, and challenge?

This was a challenge that Dr. Martin Luther King met superbly. In 1963, King stood on the steps of the Lincoln Memorial and delivered his famous “I Have a Dream” speech on the 100th anniversary of the publishing of the Emancipation Proclamation by President Lincoln. This was a critical point in the Civil Rights Movement, and Dr. King succeeded in seizing that moment by enunciating a compelling vision that embraced a large coalition. Attention to the coalition is apparent in his words:

> The marvellous new militancy which has engulfed the Negro community must not lead us to distrust all white people, for many of our white brothers, as evidenced by their presence

> here today, have come to realize that their destiny is tied up with our destiny and their freedom is inextricably bound to our freedom. We cannot walk alone.

Dr. King then went on to set out a vision in language all would understand: “I have a dream that one day this nation will rise up and live out the true meaning of its creed: We hold these truths to be self-evident: that all men are created equal.”[104]

A broadly stated vision will potentially appeal to a broader range of people and engage a more diverse group in a change process. For example, the National Campaign to Prevent Teen Pregnancy appealed to a broad range of groups, from Catholics who opposed abortion to Planned Parenthood who accepted abortion.[105] Regardless of their specific positions, all groups wanted to prevent teen pregnancy. However, each of these groups had different ideas about the strategies for prevention. The risk of a broad vision is that its appeal to particular groups may either be watered down, or the coalitions attracted to it may subsequently fall apart when the vision gets translated into action.

Coalitions that develop around a common vision can be surprising. Who would have thought that Ted Olson, a prominent conservative lawyer, and David Boies, a prominent liberal lawyer, who had faced off in the courts over the hanging chads in the 2000 U.S. presidential election, would become co-councils in the successful litigation to defeat the Defense of Marriage Act and California’s Proposition 8, that culminated in a decision in their favor in the Supreme Court of the United States? [106] Likewise, the ability for environmentalists and conservative Republicans to forge a common cause around the reduction of fossil fuel consumption is not something many expected, but it now exists. Though their perceptions of the underlying rationale for the need for change are different, they identified a common vision for change:

Reducing Fuel Consumption as a Common Vision

Environmentalists and groups of conservative Republicans are stepping up a campaign to promote alternative-fuel vehicles and wean the USA from dependence on foreign oil. While conservatives are still skeptical about links between autos and global warming, they have concluded that cutting gasoline consumption is a matter of national security.

Right-leaning military hawks—including former CIA Director R. James Woolsey—have joined with other conservative Republicans and environmental advocates such as the Natural Resources Defence Council to lobby Congress to spend $12 billion to cut oil use in half by 2025. Their vision is to end America’s dependence on foreign oil, build a sustainable energy system, and, in the process, create millions of jobs. The alliance highlights how popular sentiment is turning against the no-worries gas-guzzling culture and how alternative technologies such as gas–electric hybrids are finding increasingly widespread support in the United States.

“I think there are a number of things converging,” said Gary L. Bauer, a former Republican presidential candidate and former head of the Family Research Council who has signed on to a strange-bedfellow coalition of conservatives and environmentalists called Set America Free. “I just think reasonable people are more inclined right now to start thinking about ways our country’s future isn’t dependent on … oil from a region where there are a lot of very bad actors.”[107]

Examples of Visions for Change

In the past, visions have generally been viewed as aspirational organization-level statements. However, change programs can benefit from a clear sense of direction and purpose that vision statements provide. The most powerful visions tap into people's need to be part of something transformative and meaningful. Mundane but important change programs involving restructuring or profit-focused issues need clear, concise targets.

Here are some examples of organizational change visions:

IBM—Diversity 3.0

IBM has a long history of commitment to diversity and has consistently taken the lead on diversity policies long before it was required by law. It began in the mid-20th century, grounded in Equal Opportunity Legislation and compliance (Diversity 1.0). We moved forward to Diversity 2.0 in the 1990s with a focus on eliminating barriers, and understanding regional constituencies and differences between the constituencies. As our demographics changed, we adapted our workplace to be more flexible and began our focus on work-life integration. In addition, over the past 5 years, we've introduced IBM's Values, which links to our diversity work.

This strong foundation brings us to where we are today—Diversity 3.0. This is the point where we can take best advantage of our differences—for innovation. Our diversity is a competitive advantage and consciously building diverse teams helps us drive the best results for our clients.[108]

Tata’s Nano: From Vision to Failed Project

Ratan Tata’s 2003 Vision to his engineering team, led by 32-year-old star engineer Girish Wagh, was this:

> Create a $2,000 “people’s car.” It has to be safe, affordable, all weather transportation for a family. It should adhere to regulatory requirements, and achieve performance targets such as fuel efficiency and acceleration.

The result of this vision was Nano, a compact “city car,” that was to appeal to motorcycle and scooter riders. The rear-engine hatchback was launched in 2008 in India for one lakh rupees, or approximately US$2,500. It got 50 miles to the gallon and sat up to five people. Unfortunately, there were delays in manufacturing and early instances of the Nano catching fire (Tata maintained that it was foreign electrical equipment that was placed on top of their exhaust system that caused the fires). In March 2012, Mr. Tata stated that the original vision for the Nano had been achieved, and that the vision had now shifted to further upgrading and refinement of the product.[109] In 2018, Cyrus Mistry, chair of the Tata Group, called the Tata Nano a failed project and production ended in May.[110]

Change Vision for the “Survive to 5” Program

Save the Children, World Vision, UNICEF and other not-for-profits, have taken up the challenge posed by the World Health Organization, to reduce child mortality by two-thirds, by 2015. Mortality rates had been reduced by 41% between 1990 and 2011, but the refugee crises that have been created by wars and environmental disasters were complicating efforts, giving rise to a call for the United Nations for a redoubling of efforts.[111] Vision: We believe all children should live to celebrate their fifth birthday.

The Survive to 5 campaign supports Millennium Development Goal 4—to reduce child mortality by two thirds by 2015 and save the lives of over 5 million children under 5 who are dying of preventable and treatable diseases.[112]

> In order to help reduce preventable deaths, Survive to 5 will work in countries where basic health care is inaccessible to large numbers of children. Working with government and private sector health care systems, we will develop policy environments that are conducive to community-based care and train a cadre of local health care workers to increase health care coverage and ensure linkages and referrals to facilities for more complicated cases. Research shows that simple interventions—including vaccines, oral rehydration therapy, antibiotics for pneumonia and sepsis and medicine to treat malaria—could save some two-thirds of the children who currently do not survive. Clean practices at birth and improved immediate newborn care, such as breastfeeding and special care for low birth weight babies would also contribute to saving young lives.[113]

Change Vision for “Reading Rainbow”

In 2014, LeVar Burton used the crowdsourcing website “Kickstarter” for a campaign to raise $5 million. The short-term change vision was to work together to bring back the “Reading Rainbow” show to PBS, and provide free access to it in 7,500 classrooms.

This change vision was linked to a broader vision of leveraging the existing free Reading Rainbow app and make its existing and future content available for free, to each and every web- connected child, by developing a web-enabled Reading Rainbow for the home, create a classroom version with the tools teachers need, and subsidize the cost so it is available to schools for free.[114]

Change Vision for a Large South African Winemaker[§]

[§] Courtesy of Mr. Mpsheboshego Ngwato Malesela, Engineer, MBA, and the firm's operational excellence manager.

> Every brandcrafters, every day, will search for opportunities for improvement and work cooperately with one another to bring these improvements to life in real time—not the distant future. These actions will allow us to work more effectively together, make our work more pleasant and meaningful, allow us to produce better wine, heighten our pride in what we do, and collectively celebrate becoming the best-in-class producer in term of quality and cost by 2023. We will know we are making progress by listening to our brandcrafters, working with them to improve their satisfaction and commitment, tracking the number and the quality of the improvement initiatives we undertake, celebrating our efforts to improve and ultimately, our achievement of best-in-class quality and cost by 2023.

When reading the above statement, it is important to know that this specific change program focuses on the actual production of the wine and does not involve the farmers who grow the grapes, nor the downstream marketing, sales and distribution staff. It was initiated by senior production staff, in response to senior management's recognition of its eroding position in terms of cost and quality. The vision for change statement was developed with high levels of employee involvement. Brandcrafters is the term used to describe all those directly involved in the production and bottling of wine. Agreed-to metrics are in place to track progress on all the fronts mentioned in the vision for change.

Change Vision for the Procurement System in a Midsize Manufacturing Firm[**]

[**] Courtesy of Mr. Andro Ventor, B.Eng (Mechanical), MBA, and Senior Design Engineer with the midsize manufacturing firm supplying the construction industry.

> We believe that providing reliable and cost-effective procurement services is critical to the future survival and success of our organization. We will develop and deploy a computer-based process that will provide accurate and repeatable information to procurement so that those involved will be able to eliminate purchasing errors, make more knowledgeable purchase decisions, and through these actions reduce costs and increase the profitability and effectiveness of the organisation. This change will completely eliminate rework on the bill of materials and will enhance the effectiveness and efficiency of the procurement process, quoting and planning phases. We will know we have succeeded in bringing this change to life by the measures we use to track progress, including error rates, costs, time savings, and user satisfaction.

This change initiative was undertaken by the firm's senior design engineer, who saw the need to improve the efficiency and effectiveness of the procurement system. His firm manufactured products for the construction industry. The vision for change statement evolved from the input of those in the organization who generate and use the bills of material. IT staff assisted in the development of the new process, though much of the coding was done by the design engineer who had worked to develop an intimate knowledge of both the existing and desired process. The estimated time to fully execute the change, including training, was six months. Before and after measures were used to track progress.

Visions for change are the starting point for a chain: vision → objectives → goals → activities.[††] To make the change vision tangible, change agents need to specify measurable goals for their change efforts. The research on goal setting has been quite clear on the benefits of SMART (specific, measurable, attainable, relevant, and time-bound) goals.[115] The provision of direction with measurable results for feedback galvanizes many people to pursue desired aims. This is easy to say, but defining the right measurable goals is not straightforward. Perhaps a critical task is to persuade a key stakeholder to view the change positively. How does one assess when such attitudes are beginning to change and capture the progress? Identifying interim goals, indicators of progress, and key milestones that demonstrate progress toward the end goals of the change vision are challenges that will be dealt with in subsequent chapters. See **Toolkit Exercise 4.3** to practice writing a vision statement, then move on to **Toolkit Exercise 4.4** to combine your understanding for the need for change and your newly crafted vision statement.

[††] We use the following definitions. *Mission* means the overall purpose of the organization. *Vision* means the ultimate or ideal goal pursued. Thus, for a social service agency, the mission might be to look after the homeless and improve their health outcomes. The vision could be to eradicate homelessness and related health issues in the community by 2020. The change vision related specifically to accommodations might then be to provide access to safe, affordable housing for 60% of the homeless in the community within the next three years.

Summary

In summary, change occurs when there is an understanding of the need for change, the vision of where the organization should go, and a commitment to action. Change leaders need to address the question "Why change?" and develop both a sound rationale for the change and a compelling vision of a possible future. Unfreezing organizational members is advanced when these have been effectively executed.

The rationale for change emerges from a sound understanding of the situation: the external and internal data that point to a need for change, an understanding of the perspectives of critical stakeholders in the organization, internal data in the organization that affects any change, and the personal needs and abilities of the change leaders themselves. Critical in this is an understanding of the organization's readiness for change and the awareness of the need for change throughout the organization. Finally, the chapter discusses the creation of powerful visions and how to develop a specific change vision.

In addition to creating appealing visions of the future and demonstrating a compelling need for change, change agents need to understand the particular contexts of the major individuals in the change events. These stakeholders, or key players, will have an impact on the change situation, so their motives and interests need to be analyzed. Likewise, the impacts of formal structures, systems, and processes on the change need to be assessed and understood. The next two chapters explore these topics. See **Toolkit Exercise 4.1** for critical thinking questions for this chapter.

Key Terms

Need for change—the pressure for change in the situation. This need can be viewed as a “real” need, that demonstrated by data and facts, and a “perceived” need, that seen by participants in the change.

Developing a perspective on the need for change is aided by (a) seeking out external data, (b) seeking out the perspective, (c) seeking out data internal to the organization, and (d) reflecting upon personal concerns and perspectives of the change leader.

Perspectives of key internal and external stakeholders—the unique point of view of important participants in the change process. Understanding this perspective is critical to recognizing why this stakeholder supports or resists change.

Readiness for Change

Organizational readiness for change—the degree to which the organization as a whole perceives the need for change and accepts it.

Individual readiness for change—the degree to which the individual perceives the need for change and accepts it.

Readying an organization for change—can be done through the use of a variety of strategies, including (a) creating a crisis, (b) developing a vision that creates dissatisfaction with the status quo in the organization, (c) finding a champion-of-change leader who will build awareness of the need for change and articulate the vision for change, (d) focusing on common or superordinate goals, and (e) creating dissatisfaction with the status quo through education, information, and exposure to superior practices and processes of both competitors and non-competitors. Different strategies have different strengths and weaknesses associated with them.

Eight dimensions related to readiness—trustworthy leadership, trusting followers, capable champions, involved middle management, innovative culture, accountable culture, effective communications, and systems thinking.

Strategic frames—the mental models or sets of assumptions held by change participants about how the world works. These can block the recognition for the need for change.

Vision

Vision for change—the idealized view of the short-term future after a specific change has been enacted. Change visions are more specific than organizational visions and have some element of a time constraint.

Organizational vision—the idealized view of the future. The vision needs to be (a) clear, concise, easily understood; (b) memorable; (c) exciting and inspiring; (d) challenging; (e) excellence centered; (f) stable but flexible; and (g) implementable and tangible.

Leader-developed vision—developed directly by the change leader.

Leader–Senior-team-developed vision—developed by the senior management group in conjunction with the change leader.

Bottom-up visioning—engages a broader spectrum of organizational members in the vision framing process. The change vision is developed through the active participation of those responsible for implementing the change, including those on the front line.

A Checklist for Change: Creating the Readiness for Change

1. What is the “objective” need for change? That is, what are the consequences to the organization of changing or not changing? Are people aware of these risks?
2. Are organizational members aware of the need for change? Do they feel the need for change, or do they deny its need? How can they be informed?
3. Remember that individuals are motivated toward change only when they perceive the benefits as outweighing the costs. How can you, as a change leader, help employees see the benefits as outweighing the costs?
4. If individuals believe the benefits outweigh the costs, do they also believe the probability of success is great enough to warrant the risk-taking, including the investment of time and energy that the change will require?
5. What change alternatives are people predisposed to? What are the costs, benefits, and risks that make them attractive? How should these alternatives be addressed by the change leader?

End-of-Chapter Exercises

Toolkit Exercise 4.1

Critical Thinking Questions

The URL for the video listed below can be found in two places. The first spot is next to the exercise and the second spot is on the website at **study.sagepub.com/cawsey4e.**

Consider the questions that follow.

1. David Logan: Tribal Leadership—16:36 minutes
   https://www.ted.com/talks/david_logan_on_tribal_leadership
   This video focuses on five kinds of tribes that people naturally form and how they influence behavior.
    - Describe Logan's theory on tribes.
    - Compare Logan's ideas with tribes you've been a part of in the past.
    - Reflect on how Logan's idea of Tribal Leadership may affect how to approach change.
2. There are lots of great examples of leaders communicating their vision for change, such as Martin Luther King, Nelson Mandela, Malala Yousafzai, Steve Jobs, Howard Schultz, Indra Nooyi, and Melinda Gates.
    - Go to the Web and find a powerful vision for change speech that resonates with you. What is it about the one you selected that resonates with you?
    - Does it share the characteristics of an effective vision statement outlined in the text?

*Please see **study.sagepub.com/cawsey4e** for a downloadable template of this exercise.*

Toolkit Exercise 4.2

Developing the Background to Understand the Need for Change

As suggested earlier in this book, a careful diagnosis is essential for successful organizational change. Much of this diagnosis is needed to understand the need for change that the organization faces and then to engage and persuade organizational members concerning the need for change.

1. Consider an example of an organizational change that you are familiar with or are considering undertaking. What data could help you understand the need for change?
2. Have you:
    a. Understood and made sense of external data? What else would you like to know?
    b. Understood and made sense of the perspectives of other stakeholders? What else would you like to know?
    c. Understood and assessed your personal concerns and perspectives and how they may be affecting your perspective on the situation?
    d. Understood and made sense of internal data? What else would you like to know?
3. What does your analysis suggest to you about the need for change?

Please see ***study.sagepub.com/cawsey4e*** *for a downloadable template of this exercise.*

Toolkit Exercise 4.3

Writing a Vision for Change Statement[116]

Think of an organization you are familiar with that is in need of change. If you were the change leader, what would be your vision statement for change?

1. Write your vision statement for the change you are striving for.
2. Evaluate your vision. Is it:
   - Clear, concise, and easily understood?
   - Memorable?
   - Exciting and inspiring?
   - Challenging?
   - Excellence centered?
   - Stable and yet flexible?
   - Implementable and tangible?
3. Does the vision promote change and a sense of direction?
4. Does the vision provide the basis from which you can develop the implementation strategy and plan?
5. Does the vision provide focus and direction to those who must make ongoing decisions?
6. Does the vision embrace the critical performance factors that organizational members should be concerned about?
7. Does the vision engage and energize as well as clarify? What is the emotional impact of the vision?
8. Does the vision promote commitment? Are individuals likely to be opposed to the vision, passive (let it happen), moderately supportive (help it happen), or actively supportive (make it happen)?
9. Now assess your vision on a scale of 1 to 5 (5 being the highest) relative to the factors set out below.
   a. Actions of senior managers are congruent with the vision. They walk the talk.
      1 2 3 4 5
   b. It pays attention to the needs of those who will be putting it into practice.
      1 2 3 4 5
   c. Realistic expectations develop around it that are challenging but can be met.
      1 2 3 4 5
   d. It communicates a broader sense of what is possible.
      1 2 3 4 5
   e. It is grounded in the reality of the present and can be reconciled with it.
      1 2 3 4 5
   f. It is neither too abstract nor too concrete. It has the potential to stimulate and inspire, but it also communicates the sense that it is achievable.
      1 2 3 4 5
   g. It has been forged through an appropriately messy, iterative, creative process requiring a combination of “synthesis and imagination.”
      1 2 3 4 5
   h. It has sufficient participation and involvement of others to build a consensus concerning its appropriateness.
      1 2 3 4 5
   i. Its implementation contains “a sense of urgency … and measurable milestones.”
      1 2 3 4 5
10. Given your assessment of the above items, what would you recommend be done in order to strengthen the value of the change vision?

Please see ***study.sagepub.com/cawsey4e*** *for a downloadable template of this exercise.*

Toolkit Exercise 4.4

Putting the Need for Change and the Vision for Change Together

For any change to be successful, the need for change must be real and must be perceived as real. If the organization does not accept the need for change, the chances of anything substantive happening are negligible. Thus, developing the need for change is vital. Understanding the gap between what is and what is desired is important in order to accurately describe the need for change.

Think of the situation you were considering in Exercise 4.2.

1. What is the gap between the present state and the desired future state?
2. How strong is the need for change?
3. What is the source of this need? Is it external to the organization?
4. Is there tangible evidence of the need for change in that there is concrete evidence of the need or a crisis situation that demonstrates the need for change?
5. If the change does not occur, what will be the impact on the organization in the next two to six years?
6. What is the objective, long-range need to change?

   People can be motivated by higher-order purposes, things that relate to fundamental values. Change visions can be crucial in capturing support for change and in explaining the nature of change to others. Creating such a change vision is tricky. If one aims too high, it taps into higher values but often fails to link with the specific change project or program. If one aims too low, the vision fails to tap into values that motivate us above and beyond the ordinary. Such a change vision looks like and feels like an objective.
7. Return to the change vision you developed in Exercise 4.2. Does it capture a sense of higher-order purpose or values that underpin the change and communicate what the project is about?
8. Explain how the vision links the need for change.

*Please see **study.sagepub.com/cawsey4e** for a downloadable template of this exercise.*

Leading Change: The Pharmacy Team

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Introduction

Kim could not believe how Joe had just talked *at* an elderly customer. Joe had been rude and abrupt with someone who was clearly confused about his medications. As an employee of Poplar's Drug Store chain, Joe, a pharmacy technician, had been trained in how to approach and interact with customers, but he was not exhibiting the behavior taught in those classes. In her first shift since she had rejoined the pharmacy team at Poplar's Chelsea location, Kim noted other problems among team members: poor communication, high stress levels, inability to balance operational tasks with taking care of customers, a lack of teamwork, and so on. The pharmacist who was on duty, clearly flustered by the backlog of work, was so busy filling prescriptions that he was unaware of Joe's interaction with the customer. After turning to walk away from the counter, another technician bumped directly into Joe, dropping her basket of prescription labels and bottles of medication all over the floor. Obviously upset by what had just transpired, Joe announced to no one in particular that he was taking a bathroom break and stormed out of the pharmacy. No one beside Kim even seemed to notice.

Kim had worked on the Chelsea pharmacy team, the group responsible for prescriptions and over-the-counter medications, for four of the last five years: in fact, she had worked there since her sophomore year in high school. During that time, she knew that the pharmacy team had consistently received low marks in customer service. This dismayed her greatly, because she felt like everyone on the team shared the same goal: helping customers be healthy.

The team members assisting the pharmacist(s) were called "pharmacy technicians." The normal size of the team at the Chelsea store was four plus the lead pharmacy technician. The senior pharmacist on duty was ultimately responsible for the performance of the team, but day-to-day leadership was delegated to the senior technician. Since her return from the nearby Elmwood store, Kim had ideas about how to make things better at Chelsea. A little over a year ago, Kim had transferred to Poplar's nearby Elmwood location where she was promoted, trained, and learned how to become an effective senior technician. Now Kim was back at Chelsea as the senior technician and she was hoping to make changes in how team members approached their work.

Kim envisioned a pharmacy where customers left feeling happy and employees loved coming to work, where a cohesive team delivered a great experience that was reflected in their monthly scorecards. Within hours of her return, however, she observed that nothing had changed in Chelsea since her departure. In fact, if Joe's recent encounter with the elderly customer was any indication, things had gotten worse.

Kim asked herself, how and where should I begin to make changes? What structural changes do I need to make? Or, should I begin with the team's culture, and if so, how? How do I work with the senior pharmacist and staff pharmacists to inspire a shared vision? What about the managers and staff that serviced the other parts of the Chelsea Poplar Drug Store who were responsible for all the other types of products and services the store offered its clients (e.g., over-the-counter drugs, perfume, skin and hair care products, greeting cards, food products, electronic products, etc.)? Did they need to become involved in her change initiative or should she just focus on her team? What changes do we need to make with how we service and treat our customers, Kim asked herself. How will I be received by my team, given that I've just returned? As the second in command after the pharmacist on duty, she knew she needed to talk to Joe and address the situation. A pang of anxiety came over her. For the first time since she embarked on her mission over a year ago, Kim felt nervous. It was at that moment she thought to herself, "What have I gotten myself into?"

Background

Poplar’s Drug Store had grown its footprint significantly since Kim was hired. Once a small, regional player in Illinois, Poplar’s ownership turned its attention to becoming a nationally recognized pharmacy ten years ago. Of particular note were the two very large-scale acquisitions over the past five years, adding more than 1,000 locations and expanding its presence to several more states. Due to acquisitions, Poplar’s sales levels had increased dramatically, though profitability had lagged because of integrating, logistics, and rebranding initiatives with the acquisitions. Though there were some 1,000 sq. ft. outlets that were strictly pharmacies, many of the stores were 12,000 to 15,000 sq. ft. in size and Chelsea was one of these. In addition to medically related offerings, the larger stores provided customers with a wide range of beauty care products; household items, such as paper products and cleaning supplies, and food items, including milk, a limited range of meats, fresh fruits, and vegetables.

As it became more of a household name, however, Poplar struggled to hold on to the local vibe and reputation for good customer service it once held. In an effort to standardize business across the fleet of pharmacies, Poplar’s management introduced a series of trainings all employees were required to take as well as a monthly scorecard with key performance metrics (KPM) by which each store’s performance would be measured. Metrics fell into two categories: one focused on customer satisfaction and the other on financial health. Customer satisfaction scores were generated from feedback surveys customers completed by filling out an e-survey or by calling a number provided on the bottom of their receipt. Customers completing a survey were given a coupon for a 10% discount on regular priced products. (See Appendix A for an example scorecard.)

Problems at the Chelsea store

Within the very busy, chaotic Chelsea pharmacy, days could get very stressful for Kim and her teammates. Every shift had its own unique challenges and time constraints, but many problems were predictable, too: customers needing prescriptions or over-the-counter, non-prescription medical products that were not in stock; staff not showing up to work; or, so many tasks and responsibilities that staff simply did not have the bandwidth to take care of all the orders and daily tasks within standard operating hours. There were often piles of prescriptions left unfinished from the day before, resulting in long lines of frustrated customers. Despite their dissatisfaction with the Chelsea store, Poplar's was the only conveniently located pharmacy in the community. Kim felt that more customers surely would have left if there were other options. She wondered if improving customer service had been overlooked in the past since the store continued to meet its sales expectations. Considered a "needs improvement" store mainly for its poor performance in customer service, Chelsea's KPM scores had been consistently running in the high 60s when Kim decided to take steps to address the problems. (See example Chelsea scorecard in Appendix B.)

Kim’s career aspirations

Although she was 21 years old at the time, juggling a full-time job as a pharmacy technician at Poplar while completing her full, final year of college, Kim yearned to be a leader and to make a difference. She was a fixer, and she wanted to inspire change at her pharmacy for the sake of the patients and the staff alike. Correcting long-standing performance issues and the underlying behaviors that caused them would not be easy, yet Kim felt it was right to try. To do so, she devised a multi-phase career plan that involved leaving the Chelsea store for a short period. Kim was not in a position of power and felt she needed to move into a respected role in order to make changes. Approximately a year ago, she shared her proposed plan with both her senior pharmacist, Will, and with the chain’s regional manager. She told them she wanted to become a lead pharmacy technician so that she could play a leadership role and help bring about positive changes. This role functioned as a supervisor within the pharmacy, an intermediary between the pharmacy technicians and the pharmacists and the store manager. The store’s current senior technician had notified them that she would be taking a long-term maternity leave in six months.

Will, the senior pharmacist, the store manager, and the regional manager all agreed that Kim was ready to take on more responsibilities. However, they worried that she lacked the experience needed to lead the Chelsea team out of its current state and felt it would be better for her to learn the role by first transferring to another store that was already doing well. That way, she could assist in overseeing a functional team that had no history with her as a friend or co-worker. Kim liked the idea of having a safe place to learn the role and was eager to demonstrate that she was up for the challenge. The regional manager identified a store in Elmwood, a community 30 miles away where she could take on the developmental role of assistant senior pharmacy technician. He did so with the support of the store managers at both pharmacies and the new store’s senior technician.

Learning how to lead change

While working in the Poplar Drug Store in Elmwood, Kim realized that the recipe for success is hard to bake into a standardized scorecard that thousands of stores spread out across the country are expected to follow. The one-size-fits-all approach drove business, but not necessarily culture. The threshold score to “meet expectations” was 77 points out of a possible 100, with up to 50 points earned through customer ratings and the other 50 from sales. In some stores, this created conflict among Poplar’s employees who felt at times they did not have ample time to help each customer as quantity of interactions seemed to be valued just as much, if not more, than the quality of them. With the current scorecard structure, stores could somewhat mask issues with customer service if the sales volume was there, which had been the case in Chelsea. Though sales levels accounted for only 50% of a store’s score, it was Kim’s impression that financial performance played a significantly greater role in determining how stores were assessed, including managerial bonuses. Why else would Chelsea’s lower scores have been tolerated for so long by upper level management at Poplar’s?

The Elmwood store was a high performer before and during Kim’s time there, scoring in the low 90s and earning the designation of “outstanding performer.” At first Kim found this ironic since Elmwood was a busier pharmacy with a less tenured staff than Chelsea. She quickly learned that there were key differences between the two pharmacy teams, accounting for their scorecard disparity. Part of what made Elmwood so successful was that everyone on the team knew how to do every task. This alleviated pressure on individuals and created a team environment where the staff knew they could rely on one another to get things done. Additional team-building activities, such as weekly competitions to see who could get the best customer comment or sign up the most customers for flu shots, created a fun atmosphere in Elmwood. The senior pharmacist and the senior pharmacy technician encouraged Kim to have weekly check-ins with each of her technicians as well as take part in team meetings, hiring interviews, and the quarterly performance review process. Kim knew she’d need to bring these practices to Chelsea. Her experience in Elmwood confirmed what she already knew. Scorecards and trainings do not teach passion, empathy, positivity, or trust—leaders do.

The leaders in the Elmwood store, both in the pharmacy and the general merchandise section, shared Kim’s vision about how great Poplar could be for its customers. They emulated the passion they wished to see in their teams and led by example. They worked in harmony, offering associates from either section to help the other. Every employee in the store was trained to assist any customer, and coached on the importance of teamwork and great customer service. This was all done *in addition* to the standard training all Poplar employees were required to complete, and the Elmwood team lived out these principles every day. Elmwood even had an unofficial, motivational slogan that Kim found rather clever: “Who puts the U in PopYOUlar?” When an employee was recognized by a customer for a job well done or reached a goal or milestone, their picture was displayed on a bulletin board dubbed The PopYOUlar Wall of Fame. The caption on the board read, “Great job, and thank you! Poplar wouldn’t be PopYOUlar without you!” Kim loved this approach and recognized how happy it made the team at Elmwood. She spoke with the senior pharmacist and store manager to learn more about it. They believed that passion must start at the top—if the team doesn’t observe genuine enthusiasm in their leader, the shared goals become less important to them and they will pursue their jobs with less fervor. They encouraged Kim to be self-aware and think about how she could show her passion in her work to inspire others.

Over the course of six months, Kim learned the ins-and-outs of the lead pharmacy technician’s position, becoming exceptionally proficient in the tasks required for the role. Kim’s leadership skills had grown greatly through this experience, training, and the mentorship she had received at Elmwood. She earned a spot on the Wall of Fame for her efforts. Kim felt she was ready to return to Chelsea as lead pharmacy technician and her regional manager and Chelsea’s senior pharmacist agreed. Her return to Chelsea was accompanied by challenging performance goals. She was given six months to help Chelsea boost its monthly scores from “needs improvement” to “meets expectations.” Kim knew that was a tall order, but she was excited by the challenge. It was both the best thing for her career within Poplar (she had agreed to continue with Poplar following college graduation in three months), and her beloved Chelsea community.

Now What?

Kim could see Joe walking toward the pharmacy while she was finishing up a transaction with a regular customer. She thanked Mr. Braxton for coming in, took a deep breath, and met Joe at the door.

“Hey Joe, I saw what happened a few minutes ago. Can you tell me a little more about it?” she asked.

“That guy hates this place. He said it was his third time coming in to pick up his prescriptions, which we told him we’d have ready yesterday afternoon. Then he had questions about his medication that I couldn’t answer, and was upset when I told him the pharmacist could help him after he was done with his calls. I had to get back to my inventory tasks because unless I order the medications we don’t have, we’ll get another bad score in ‘Item in Stock.’ He was yelling at me. I tried to stay calm, but it’s hard to excuse yourself when someone won’t leave. I had to get away from him.”

“That sounds frustrating for both of you,” Kim said. She then asked a question to which she felt she already knew the answer. “Who else on the team helps with the inventory?”

“That’s a good one, Kim. No one else here is trained in inventory. There’s no time for me to teach someone, and there’s no one else that wants to learn. It’s all on me and without help, it’s really hard to get things done.”

Kim could hear the exasperation in Joe’s voice. She offered, “Why don’t I help you with the inventory tasks today, Joe?”

“Really?” Joe’s frown eased a bit. “You know Kim, everyone around here is shocked you’d leave as great a store as Elmwood to come back here. I don’t think we’ll ever be as good as them.”

Kim smiled at Joe, although she wondered to herself if he was right. She completed the inventory work before leaving for the night. As she walked out, she considered the magnitude of the work ahead. The clock was ticking on her master plan. She asked herself, “Now what?”

Appendix A

Example of Monthly Scorecard at Poplar Drug

	Poplar KPM Rating – Example	
	KPM	Target
Customer Satisfaction (Scale 1–5)	Greeted Immediately	5
	Friendly and Attentive	5
	Professional	5
	Received Clear Instructions	5
	Offered Help	5
	Item in Stock	5
	Cleanliness	5
	Timeliness	5
	Would Recommend to Others	5
	Total Satisfaction With Visit	5
Financial Health (Scale 1–25)	Over-the-Counter Sales	25
	Prescription Sales	25
	Overall Monthly Score	**100**
	Rating	**Outstanding Performer**

Rating Scales	
<77	Needs Improvement
77–83	Meets Expectations
84–90	Exceeds Expectations
>90	Outstanding Performer

Appendix B

Recent Scorecard at the Chelsea Store

	Poplar KPM Rating – July 2016		
	KPM	Current Score	Target
Customer Satisfaction (Scale 1–5)	Greeted Immediately	2	5
	Friendly and Attentive	3	5
	Professional	3	5
	KPM	Current Score	Target
	Received Clear Instructions	4	5
	Offered Help	2	5
	Item in Stock	1	5
	Cleanliness	2	5
	Timeliness	2	5
	Would Recommend to Others	2	5
	Total Satisfaction With Visit	3	5
Financial Health (Scale 1–25)	Over-the-Counter Sales	22	25
	Prescription Sales	20	25
	Overall Monthly Score	**66**	**100**
	Rating	**Needs Improvement**	

Rating Scales	
<77	Needs Improvement
77–83	Meets Expectations
84–90	Exceeds Expectations
>90	Outstanding Performer