Chapter 2 Frameworks for Leading the Process of Organizational Change *"How" to Lead Organizational Change*

An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage.

—Jack Welch, CEO, General Electric (1981–2001)

Chapter Overview

- In this chapter we discuss frameworks that illustrate the process of how to create organizational change; in Chapter 3 we examine what aspects of an organization might need to be changed. Change leaders must understand and do both.
- We present six models that provide dissimilar and complementary insights into the process of planned, purposeful change:
  1. The first model is a basic step model, that is, the leader takes an organization through step 1 before step 2; this is Lewin's three-stage model.
  2. Kotter's eight stages of organizational change provide a highly structured, finish-one-stage-before-the-next-stage approach to change.

3. The third model is Gentile's *Giving Voice to Values* methodology, which supports individuals taking effective ethical action when a situation so demands.
4. The fourth model is Duck's five-stage model that focuses on people and the range of their emotional responses to change.
5. Fifth, there is a modified version of Beckhard and Harris's change-management model that concentrates on process issues.
6. We end this chapter with The Change Path, our four-stage model that concentrates on process issues and is used as a guiding framework throughout the book. The four stages of this model are: Awakening, Mobilization, Acceleration, and Institutionalization.

Just as an athlete needs different types of training and equipment to play and succeed at different sports (think of the difference between a professional baseball player and a downhill skiing professional), so too does the change leader need different frameworks to apply to specific situations.

These models will help change leaders articulate their approach to leading organizational change and provide guideposts for instituting that change.

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

McDonald's has been one of many organizations that scanned its environment and made changes to its products as a result of shifts in its environment. The recession of 2008 to 2009 put pricing pressure on the restaurant business. McDonald's responded with a continuous stream of new products. Since 2004, it has introduced the snack wrap, several salads, specialty coffees, and, most recently, the Angus burger, a 1/3-lb. burger.[1] These product innovations have led to store sales increases and improved profits. Recently, McDonald's has embraced the "green movement" with major initiatives in the areas of sustainability and corporate social responsibility, and public reporting of their progress. They also piloted the placement of charge points for electronic vehicles in one store in 2009, and this initiative has now been extended to a few other locations.[2] One trend that has challenged McDonald's creativity is the "eat local" movement, where consumers are encouraged to eat locally grown foods. In the international market, McDonald's has created a variety

of partnerships to create a more localized experience for its consumers. McDonald's now offers Red Bean Pie in Hong Kong, a Parmigiano Reggiano burger in Italy, and Caldo Verde soup in Portugal.[3] In the United States, McDonald's has tried to use a message about locally grown foods in its advertising, but it has so far failed to commit to using verifiable metrics to support these claims.[4]

To make these product decisions, McDonald's managers had to evaluate environmental shifts and assess their relevance to the organization's strategy and the probability of its continued effectiveness. The healthy food trend meant that McDonald's needed different products and different approaches to developing and sustaining its markets. McDonald's executives examined these trends and decided that product changes were necessary. If one takes the McDonald's example and generalizes it to all managers, then changes in the external environment provide important clues and cues for change leaders. Diagnosing and understanding those clues and cues provides the basis for a new vision and direction for change.

Each person has ideas about how organizations work. For some, this model is explicit—that is, it can be written down and discussed with others. However, many managers' views of organizational functioning are complex, implicit, and based on their personal experiences. Deep knowledge and intuition, so-called tacit knowledge, about the functioning of an organization is invaluable. However, tacit knowledge or intuition is intensely personal, often difficult to communicate, and almost impossible to discuss and challenge rationally. As a result, this book takes an explicit approach and provides ways to articulate unspoken models of how organizations work and to use several models to think systematically about how to change an organization.

Differentiating *How* to Change From *What* to Change

The complexity of change can be simplified somewhat by recognizing that there are two distinct aspects of organizational change that must be addressed. Managers must decide both **How** (process) to lead organizational change and **What** (content) to change in an organization. The example below highlights the difference between the how and what of change. Imagine that you are the general manager of a major hotel chain and you received the following customer letter of complaint:

The list of things done poorly and the organizational issues that exist at this hotel are extensive. Identifying this list of *what* needs attention is relatively easy. The desk clerk has twice assigned rooms that were unmade. This indicates that the system used to record and track information on the condition of the rooms is either nonexistent or not working properly. One wonders if someone is responsible for monitoring the housekeepers' performance. There are managerial issues—a manager promises to get back to a customer and doesn't. There are organizational culture issues—the excuses by the switchboard operator and yelling by the reception person. There are further system issues or customer service problems as indicated by the £72 charge for a room change. There are some service training issues—the responses by the receptionist were variable. He was quick to send up a second room key but left the customer standing while he turned on computers. He was reluctant to reverse the extra room charge. There is some hint that there might be other cultural issues that are pertinent.

However, it is not clear *how* the general manager should proceed with needed changes. First off, how accurate is the letter? Can the general manager accept it, or does he have to investigate? Assuming the letter reflects the experiences of more than one unhappy customer, then the general manager still faces the "how" question. If the computer system for tracking room availability does not exist, then it is relatively simple to create and install one. However, if the system exists but is not being used, how does the general manager get the staff to use the system effectively? Closer supervision might work, but who can do that and who will pay for it? Even more difficult are the organizational and cultural issues. The norm among employees appears to be to make excuses and to "berate" others when things go wrong. A manager can tell employees that these behaviors are inappropriate, but how does one persuade employees not to respond abusively? And how will the general manager know if and when the changes are implemented? Is there a system in place to track customer and employee satisfaction? Are these several systems worth the cost they impose on the organization?

Clearly, managers must know what needs to change. However, how to go about making change happen requires careful thought and planning. The models provided below help you think about the process of change and how to make it happen.

A Letter of Complaint

Dear Sir:

As a customer of yours, I wanted to provide you with our experiences at ATMI, your London, England, hotel.[*] I have reflected on my experience and decided to provide you with feedback—particularly given your promise on your website—the Hospitality Promise Program.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Yours truly,

*The hotel name is disguised.

The Processes of Organizational Change

As suggested above, many leaders know what they need to achieve, but they just don't know how to get there. An examination of competitors' initiatives and accomplishments, customer behavior, and other data from environmental scans will often provide cues as to what is needed, but moving one's own organization to successfully addressing these factors and related opportunities is difficult.

Why is it so difficult to accomplish change?

There is always a web of tightly woven factors that make organizational change difficult. However, one common cause might lie in practices that were effective in the past and that are no longer appropriate; this can be called the "failure of success." Organizations learn what works and what doesn't. They develop systems that exploit that knowledge and establish rules, policies, procedures, and decision frameworks that capitalize on previous successes. Further, they develop patterned responses (habits), assumptions, attributions, and expectations that influence the ways employees think about how the world works.[5] These beliefs and ingrained responses form a strong resistant force, which encourages organizations and people to maintain old patterns regardless of feedback or input suggesting that they are no longer appropriate. In many respects, this is where the questions of what to change and how to change intersect.

Charles Handy describes some of these dilemmas by examining the pattern of success over time.[6] As he so aptly said: too often "by the time you know where you ought to go, it's too late" (p. 50). He describes a **sigmoid curve** that outlines where one should begin changing and where it becomes obvious that one needs to change (see Figure 2.1). This curve depicts the outcomes of a system as a curve that increases during early-stage development and growth phases, flattens at maturity, and shifts into decline over time. Consider the path tracked by successful technological innovations. Once an innovation demonstrates its value to key early adopters, then sales take off. As others see the benefits of the innovation, they adopt it as well. Patents and proprietary knowledge provide some protection, but over time competitors launch similar products, profit margins become squeezed, and sales growth slows due to increased competition and the level of market saturation. This leads to a flattening of the curve, referred to as the maturity phase. Decline follows as the market becomes increasingly saturated and competitive, and this decline accelerates with the arrival of a new, disruptive innovation that attracts customers

away from the existing product or service. Think of what happened to the VCR players when DVD players arrived on the scene. Consider how prices fell for DVD players in the face of competition. Now, video streaming has eclipsed the market for DVDs. DVDs are becoming obsolete as more companies offer streaming services.

The time to introduce change is at point B when the system is growing. The dilemma is that in the short run, the costs are likely to be greater than the benefits. It is only when the new changes are adopted and the system is working well that the outcomes' curve turns upward again. One dilemma is that the costs of change are real and include adding people and shifting production lines, while the benefits of change are uncertain. Managers believe the changes will improve productivity and profits, but that may not occur. By holding off investing in change, an organization may improve its profits in the short run. However, if environmental conditions continue to change and the organization fails to adjust in a timely fashion, executives can quickly find themselves lagging behind their competitors, scrambling to adapt, and running to catch up. If management waited too long to adapt, then an organization may find it impossible to do so.

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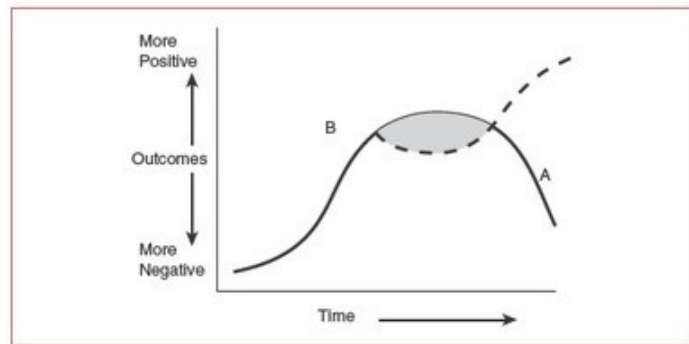

Figure 2.1 The Sigmoid Curve

Source: Adapted from Charles Handy, *The Age of Paradox* (Boston, MA: Harvard Business School Press, 1994), 50.

In the following pages we present six models of organizational change. These models are both discrete and complementary. Below is an overview of what you will find in these models.

- Lewin's model is simple, making it useful for communicating the overall change process to participants.
- Kotter's provides a detailed map of the change process in terms of what each step needs to achieve (i.e., the key success factors of a change initiative), which is useful for planning and implementation.
- Gentile provides individual-level guidance for pushing back and responding skillfully and effectively to people and situations that contradict a person's values; this approach may or may not make systemic change.
- Duck offers guidance for people and emotional issues within a step framework of change.
- Beckhard and Harris provide an action-oriented overview that indicates the sets of activities that should be completed within the steps Kotter identified (roughly).
- The Change Path Model maps sets of activities within a systems-level view (following Lewin) that also reflects organizational-level factors (e.g., operations, control, and measures).

The models have more similarities than differences.

- Each is a process model (i.e., they all depict *how* change should happen).
- Two are descriptive (Lewin and Duck), three are prescriptive (Kotter, Gentile, and Beckhard and Harris), and our Change Path Model combines both.
- One is system-level (Lewin); three are organizational-level (Kotter, Beckhard and Harris, and our Change Path Model); and two are individual-level (Gentile and Duck).
- The models describe many of the same processes, but describe them at varying levels of granularity and with different lenses (e.g., emotions with Duck, managerial tasks with Kotter).

Organizational change most often requires changing at three levels: individual, team or unit, and the organization. Learning and applying more than one model will give the change manager a large set of tools to work with.

(1) Stage Theory of Change: Lewin

Our first model is a basic step model. Sixty years ago, Kurt Lewin[7] wrote about the problem of how to bring about change. He described a three-stage model of change:

Unfreeze → Change → Refreeze

Lewin stated that we need to understand the situation and system as a whole as well as the component parts that make up the system. Before change can occur, an unfreezing process must happen within that system. **Unfreezing** focuses on the need to dislodge the beliefs and assumptions of those who need to engage in systemic alterations to the status quo. The unfreezing process might occur because of some crisis. For example, new competitive products that are attacking the major profit centers of a private enterprise might be a sufficient shock to the organization to "unfreeze" patterns. In this example, the balance in the system must be disrupted or broken in order to permit conditions for change to develop. Some top managers even talk about "creating a crisis" in order to develop the sense of urgency around the need for change.[8]

When this unfreezing occurs, the people who are embedded in the systems become susceptible to **change**. Systems and structures, beliefs, and habits become fluid and thus can shift more easily. Once the change has been completed, these systems, structures, beliefs, and habits can **refreeze** in their new form.

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

Unfreeze

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

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

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

Change

Assume that the general manager accepts the need to improve the system that indicates that rooms are ready. He or she must now decide what else needs to be changed to bring about the needed improvements. This could begin by hiring

a quality-control person who is charged with inspecting and certifying all rooms before they are entered into the system as "ready to use." Some computer programming may need to be done so that rooms are flagged when they are ready, and the quality-control person might be given responsibility for managing that flag subsystem. The quality-control person will have to be recruited, hired, and trained if management cannot promote an appropriate person from within. Once the room-quality system has been designed and procedures are in place, all receptionists will have to be trained. This change could be a participatory process with the involvement of staff, or the general manager could have it designed and order its implementation. The change process would be reasonably complex, involving a number of people and systems.

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

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

Refreeze

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

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

and these groups may react in complex ways to resist change. For permanent change, new structures and roles are needed and new points of balance or homeostasis developed.

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

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

However, several concerns prevent us from wholeheartedly embracing this model. First, the model oversimplifies the process of change and suggests that change is linear. The reality is that change tends to be complex, interactive, and emergent. Second, the creation of the need for change deserves more attention. It is not merely a matter of moving individuals away from their assumptions about the current state. Rather, they need to have a vision of a future desirable state. Finally, the model implies that refreezing is acceptable as a frame of mind. This seems problematic because it implies that change is a discrete event, rather than a continuous process. In today's rapidly changing world, organizations find that pressures to adapt mean they are never "refrozen"—and if they are, they are in trouble.

Organizations that freeze too firmly may fail to thaw when new markets and customers appear. They may refuse to incorporate feedback in making useful changes. Continuous improvement programs may appear faddish, but they reflect a realistic view of what is needed in a dynamic environment because they enhance an organization's adaptive capacity. Thus, there is concern with the image created by the word *refreeze*, as this is likely too static a condition for long-term organizational health. In discussions with managers, we find the phrase "re-gelling" to have appeal as a state between total fluidity of a liquid and the excess rigidity of a solid. Since Lewin articulated his framework of organizational change in the early 1950s, it is likely that he, too, would have modified his framework for change.

(2) Stage Model of Organizational Change: Kotter

This second model describes a highly structured step-by-step process that overcomes the problem of simplification of Lewin's model. In 1996, Harvard Business School Professor John Kotter published *Leading Change.*[9] His eight-stage process argues that an organization must successfully go through each phase in sequence. For example, failing to establish a sense of urgency throughout an organization (step 1), may explain a leader's inability to communicate effectively a vision for

change (step 4). Kotter's framework helps managers know what they should do, when they should take specific actions, and when and how they are ready to move to the next stage.

Kotter's Eight-Stage Process

1. **Establish a sense of urgency:** In older, well-established organizations a sense of complacency may have set in. Leaders need to illustrate the threats to the system and move enough organizational members from a sense of invulnerability to vulnerability.
2. **Create a guiding coalition:** Select a significant number of people (10 to 50) who have titles and lead divisions and departments, have the respect of their colleagues, and relevant knowledge. This group should be aligned and know that change is needed.
3. **Develop a vision and strategy:** People need an overarching dream of an inspiring future. From this vision comes the implementation plans and steps.
4. **Communicate** the change vision: Capture the hearts and minds of most employees by communicating through multiple channels and multiple times the vision for change.
5. **Empower employees** for broad-based action: Large numbers of employees need to embrace the vision and then organizational structures, human resources systems, and a myriad of other internal organizational mechanisms need to support, rather than block, the change.
6. **Generate short-term wins**: Large-scale organizational change may take three to five years and yet employees need to see evidence of successful change within to 18 months (p. 11). Highlight short-term gains to keep employees motivated.
7. **Consolidate gains and produce more change:** Since it takes years for organizational change to become a part of an organization's DNA, many leaders stop too soon. Keep pressing forward until the change seeps into the deepest recesses of an organization.
8. **Anchor new approaches** in the culture: Make sure that the change is embedded in the organization's cultural norms and values.

(3) Giving Voice to Values: Gentile

The third model focuses on the ethical implications of organizational change. Pick up any newspaper or magazine and one finds stories about personal, corporate, or governmental malfeasance; accounts of injustice; and reports of individual

violence against peers and society's vulnerable members. In the past these stories included accounts of people such as Bernie Madoff and his elaborate Ponzi scheme, which robbed many investors of their money; and HealthSouth's CEO Richard Scrushy, who was convicted of bribery. In 2014, a scandal has been brewing over scheduling practices at Veterans Administration hospitals across the United States. An underlying issue in most of these situations is an organizational climate that does not effectively manage individual behavior. To minimize the chances of malfeasance, organizations sometimes have to change operating practices, incentives, monitoring systems, and most importantly, underlying values. The first step is recognizing that something is wrong (identify the need to change), and often that requires someone to speak up—the purpose and power of *Giving Voice to Values*.

With numerous examples of corruption and fraud, educator and research scholar Mary Gentile decided to develop a program, at first for business students, to support people's development of confidence and skills that would allow them to speak and act their values—effectively—when faced with a situation that runs counter to their principles. Gentile's *Giving Voice to Values* (GVV) curriculum[10] takes people through a learning process that prepares them to expect values conflicts and provides the tools to intervene when they perceive wrongdoing. (See http://www.babson.edu/Academics/teaching-research/gvv/Pages/home.aspx for a detailed description of the curriculum and its many dimensions.)

The GVV curriculum focuses on the practical application of skills needed to push back and respond skillfully and effectively to people and situations that contradict a person's values. The GVV curriculum consists of three parts that represent the process individuals need to work through to advocate for the need to change: the clarification and articulation of one's values; post-decision-making analysis and implementation plan; and the practice of speaking one's values and receiving feedback.

1. Clarification and articulation of one's values: The GVV curriculum invites participants to consider the notion that there is a universality of values and some researchers, such as Martin Seligman and Rushworth Kidder, have found a commonality of core values across cultures and religions. Kidder, who conducted a cross-cultural survey, identified a "list of five widely shared values: honesty, respect, responsibility, fairness, and compassion" (p. 30). The first step requires participants to articulate their values and the impact of acting on those values. This exercise encourages participants to take their often implicit principles and make them explicit and public, an important first step in bringing about change.

2. Post-decision-making analysis and implementation plan*:* The GVV curriculum requires participants to examine case studies of protagonists who have been clear about their values and have effectively voiced their principles in difficult situations (all GVV cases are available through the website). The protagonists of GVV cases have concluded what is right, and the cases walk readers through their thinking and actions—to a point: then readers are invited to figure out what the protagonist might

do to voice her values effectively. For example, in the "Not Even an Option" case, readers meet Ajith, a pharmaceutical representative in a developing country. Ajith is clear that paying bribes is not an option for him (read his story at the end of this book). And, yet, it seems that he and his company will not succeed unless he succumbs to societal norms and pays bribes to government officials to review and accept his company's registrations for the drugs. Participants analyze Ajith's situation and ask: given Ajith's unwillingness to pay bribes, what should he do and say, and to whom? These situations start from the point where the protagonist knows his values and what is right for him to do. GVV is, then, a curriculum about taking actions post-decision-making.

The analytical work can be further subdivided into three parts. First, participants engage in a stakeholder analysis. This is not the traditional "stakeholder analysis" that encourages a utilitarian weighing and making of trade-offs, but rather is an effort to understand how to effectively influence key people. Second, people need to anticipate how stakeholders might respond to the protagonist's questioning of the stakeholders' actions. Gentile calls this the "reasons and rationalization" that a protagonist might expect from others. And, third, Gentile asks: what levers can a protagonist use to persuade stakeholders to join the protagonist's vision?

3. The practice of speaking one's values and receiving feedback: One of the central tenets of GVV is the importance of "pre-scripting." As noted above, the GVV cases often invite readers to decide to whom the protagonist should talk and what she should say. Gentile believes that participants' practice in speaking their values after they have analyzed a situation "is both a cognitive exercise as well as a behavioral and emotional one" (p. 173). Participants write out a script, speak the script in front of another participant, and receive feedback from a third participant–observer who acts as a peer coach to the participant who is articulating the script. Delivering a script challenges participants to articulate often vaguely formed ideas, which deepens their sense that they will take action in difficult, future situations.

GVV and Organizational Change

An assumption of this GVV training is that prepared individuals will speak up and in their speaking up people will change the course of events in units, organizations, or even societies. The GVV cases provide numerous examples of people shifting the direction of their organizations. In the Helen Drinan case, for example, Drinan pushes back and speaks up when it seems that a CEO of a hospital system will be let off the hook even though several women have accused the CEO of sexual harassment.[11] The publicity surrounding this case led the attorney general of Massachusetts to note the problems with governance of the hospital system; eventually the Catholic Diocese of Boston was pushed to sell the hospitals. In the "Naivete or Boldness" case, the protagonist changes the course of her organization

when she challenges her CEO and his consultant on their assumptions, numbers, and analysis.[12] The point is this: When people think tactically and strategically about how to most effectively create change around a values conflict, the person or group can be successful. Sometimes this process involves speaking up and at other times the process involves gathering data, asking questions, building a coalition, and/or making alliances with key people. The point of the GVV curriculum is to prepare people to expect conflicts in values and then to take effective action for individual and organizational change.

(4) Emotional Transitions Through Change: Duck

The fourth model captures the people and their emotional responses to the change process. In *The Change Monster: The Human Forces That Fuel or Foil Corporate Transformation & Change,*[13] consultant Jeanie Daniel Duck argues that organizational change evolves in a fairly predictable and manageable series of phases that she calls the "**Change Curve**." This Change Curve is a "simplification and an approximation" of complex, ambiguous, and volatile human emotions that accompany all types of organizational change, from externally driven mergers and acquisitions to internally planned and managed new programs.

Duck's Five-Stage Change Curve

1. **Stagnation** occurs when people have their heads in the sand and have an insufficient sense of threat or challenge from the external world. This can only end with a forceful demand for change from the external environment, such as a merger or acquisition, or from internal pressures for change from a strong internal leader or group. It is the leader's role to push people to see the truth of their situation and to wake them up.
2. **Preparation** begins with a dramatic announcement of change from an internal person, such as the CEO, or from an external force, such as an announcement of a takeover. Immediately, some people feel anxious or jittery; others may be hopeful that needed change is coming; while still others will retreat to cynicism and will not take the announcement seriously. When this rush of emotion occurs, productivity often goes down.

   This phase requires a tremendous amount of planning and operational work by the leaders. In addition, organizational leaders must be aligned for the planned change to succeed.
3. **Implementation** is when the journey begins. It includes designing new organizational structures, job descriptions, and lots of other detailed plans. However, operational changes are not enough: Implementation also requires changing people's mindsets and work practices—in other words, people's emotional maps and habits.

4. **Determination** kicks in when people realize that the change is real and they will need "to live their work lives differently" (p. 30). Duck argues that "people long for an excuse to quit the hard path of transformation," requiring leaders to recognize this emotional trap and to pursue the new vision with high energy and enthusiasm.

5. **Fruition** is the time when the hard work pays off and the organization seems new. "The employees feel confident in themselves; they're optimistic and energized, and they're able to get their work done with less hassle, in less time, and with better results" (p. 34). Leaders need to make sure that this basking in the satisfaction of the change does not lead to napping and future stagnation.

In 1969, Elizabeth Kübler-Ross observed and wrote in *On Death and Dying* about the five predictable emotional stages in terminally ill patients: denial, anger, bargaining, depression, and finally acceptance. She later said that these observable stages apply to children whose parents are going through divorce and to people who experience traumatic losses, such as parents whose child dies. Although Duck does not reference Kübler-Ross, Duck focuses on predictable human emotional responses to organizational change. In reality, people embrace change differently and at dissimilar speeds; Duck argues, however, that individuals go through similar emotional responses to change. It is the savvy leader who monitors his own emotional response to change, anticipates and articulates underlying negative and positive emotional responses to change, and then pulls the group through the negative to excitement and satisfaction with the new order.

(5) Managing the Change Process: Beckhard and Harris

The fifth model of change, outlined by Beckhard and Harris,[14] has a strong **focus on process**. Building on the work of Kurt Lewin, Beckhard and Harris propose a process model that begins with an assessment of why change is needed. Here the forces for and against change are analyzed and understood. A thorough understanding of the organization and its stakeholders will assist in this analysis. Following the recognition of the need for change, leaders are faced with the task of defining and describing a desired future state in contrast to an organization's present reality. This process is called a **gap analysis**. This second step in the change process involves both determining the need for change and creating a powerful change vision A desired future state allows leaders to identify the gap between the present and the future and how they propose to close the gap. This is one of the most important steps in the Beckhard and Harris Model and one that change leaders need to attend to. The discussion of how to get from the present to a desired future state represents the action or implementation state. The final step in the change process is to **manage the transition**. Beckhard and Harris provide a useful elaboration of how the process of change occurs. What is not so clear is how to bring the various stages of the model to life, in order to see change through to a successful outcome. The Change Path Model addresses this matter.

(6) The Change Path Model: Cawsey–Deszca–Ingols

Extracting from the preceding models, years of consulting work, and decades of teaching and talking with managers and executives about change, the Change Path Model combines process and prescription: There is more detail and direction than Lewin and less instruction than Kotter. We recommend that managers also use Gentile's model to act effectively, especially if there is a conflict in values. Duck reminds us about the all too often neglected side of change: the emotional impact of change. Beckhard and Harris remind us of the power of a well-executed gap analysis. (Figure 2.2 sets the out the change Path Model.)

Step 1: The first process is **Awakening**, which begins with a Critical Organizational Analysis (like Beckhard and Harris). Leaders need to scan continuously both their external and internal environments and understand the forces for and against any particular organizational shift. The most powerful drivers for change tend to originate outside organizations. These forces range from new legislation, new products launched by competitors, and new population trends to new technologies; in fact, it is usually an interlocking web of external factors that make environmental shifts so challenging for organizations to respond to effectively. Leaders *also* need to understand deeply what is going on inside their own organizations. For example, are people with critical competencies leaving the organization? If yes, why is the turnover rate disturbingly high? Managers need data from all significant parts of their organization and stakeholders to understand the dynamics internal to their institutions. Once external and internal data is compiled, leaders need to examine their organizations' situation and talk about how the new challenges from the external and internal environments impact their institutions. (Chapter 3 addresses how to diagnose an organization's problems and Chapter 4 focuses on identifying and clarifying the need for change, assessing the organization's readiness for change, and developing the vision for the change.)

Step 2: The second step in the process is **Mobilization**, which includes several significant actions. The determination of what specifically needs to change and the vision for change are further developed and solidified by additional analyses and by engaging others in discussions concerning what needs to change and nurturing their participation in the change process. Many assume that the need for change is easily recognizable, obvious, and evident from the environment. Sometimes this occurs, but often it is not the case. For example, if bankruptcy risks are rising or if profits have declined some people in the organization may believe things must change, but others may not, thinking that what is needed is to simply stay the course until conditions improve. However, once change leaders are convinced of the need for change, it is their job to convince others from the top of the organization to the frontline staff.

Change leaders also need to recognize that there is often a lag between what they know, as the results of their assessments, and what is known by others in different parts of the organization. This lag in information requires change leaders to engage others through multiple communication channels, so that they become convinced

of the importance of changing now and not continuing to operate as they have in the past.

The development of the analysis of the present state and the definition of a desired future state leads to the solidification of the gap analysis—an image of the differences between where an organization presently is and where it needs and wants to go. A manager, for example, might have data that employee morale is low. To take appropriate action to improve employee morale, managers need to understand the root causes of the problem. Is it the pay system? Is it the performance appraisal system? Is the problem found across the organization, or is it confined to certain divisions? The answers to these and other questions may suggest different courses of action. In Chapter 3, several frameworks are described for readers to develop a sophisticated checklist for organizational diagnosis. The gap analysis allows change leaders to clearly address the questions of why change is needed and what needs to change. Being able to clearly and succinctly communicate this, along with the vision for the change, is critical to building shared understanding and support for the change in the organization. Think of this as the value of a clear, succinct, and compelling "elevator pitch" of what you have in mind and why it is worth undertaking.

The analyses of (a) formal structures, systems, and processes; (b) the power and cultural dynamics of the organization; (c) the various stakeholders; (d) the recipients of the change; and (e) the change agents themselves, all help to complete an understanding of the situation and the gaps that need attention. In addition to identifying the gaps that must be addressed, these analyses also help change leaders to understand how the existing situation can be leveraged in order to increase the prospects for success. For example, change leaders need to consider how existing systems and processes can be used to advance the change and how influence can be exercised and support built for the undertaking. Further, they need to assess how their own skills and abilities are best deployed to advance the changes.

Step 3: Acceleration involves action planning and implementation. It takes the insights gained in earlier chapters and translates them into the development and activation of a detailed plan for action, in order to bring the change to life. Appropriate tools are deployed to manage the plan, build momentum, and manage the transition. People are systematically reached out to, engaged and empowered to advance the change. Needed new knowledge, skills, abilities, and ways of thinking are developed in others to support the change. Finally, small wins and the achievement of milestones along the way need to be celebrated.

While the stages of the change process, including acceleration, are depicted as linear and straightforward, the reality is usually quite different. Managing change while operating the organization is like changing the tire on a moving car. Conditions can change in unanticipated ways and change leaders need to be able to learn, and adapt their understanding of the situation and what is needed, as they go. The vision for the change may also need to be adapted in ways that contribute to the accomplishment of desired outcomes. Transition management is the important practice of doing just that.

Step 4: Institutionalization involves the successful conclusion of the transition to the desired new state. This is aided by the sophisticated monitoring of progress

along the way, including the assessment of when the changes have been incorporated into the fabric of the organization. Measurement can play a very useful role in this area. Understanding the impact of the particular organizational changes we are trying to achieve depends on our ability to measure such change and this sets the stage for future change initiatives. Measurement also plays important roles in earlier phases of the change process.
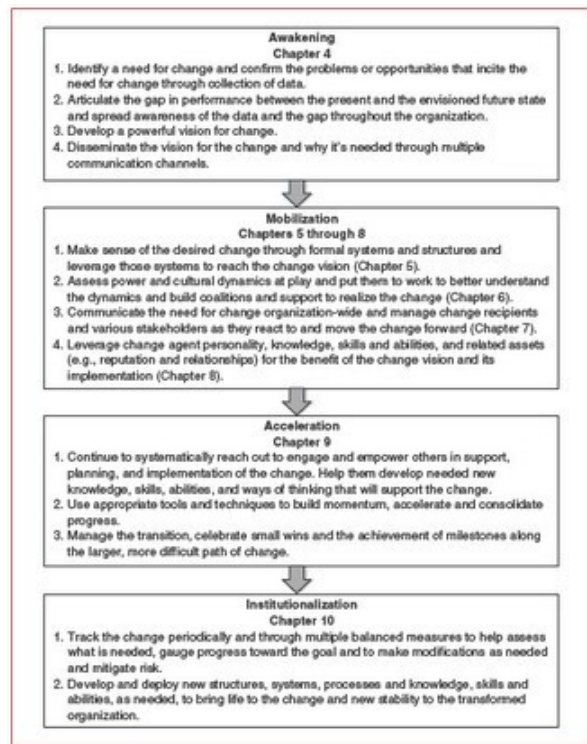
Figure 2.2 The Change Path Model

Application of the Change Path Model

Let's return to the hotel guest's letter presented earlier in this chapter and use it as an opportunity to apply the Change Path process model to an organization that appears to need to change.

Awakening: Why Change?

The general manager might have very good reasons for interpreting the letter as a signal not to change. The hotel already might be in the midst of a computer systems modification and be overwhelmed with this change. Or, the general manager may have a tracking system that indicates that most hotel guests are very satisfied and that this is an unusual occurrence. Or, the general manager may be under pressure to reduce costs and views change as leading to increased costs. Or, the general manager might see himself as exiting the organization and does not want to put the time and energy into changing systems.

On the other hand, the general manager may have the opposite reaction. The letter could trigger the manager to note inefficient processes that cause higher costs (i.e., it is more costly to clean a room twice or have to return to a room to deliver missing towels). If this letter were sent to Trip Advisor, Yelp, or another travel-related website, then the hotel could experience the loss of customers and a damaged reputation, particularly if it were one of a number expressing dissatisfaction.

Even if the general manager accepts the need for change, the employees might not. At this point in time, they know nothing about the letter. They may feel that their performance is good and no change is needed. They might have a department manager who doesn't follow up on directives and, thus, they could believe that no action is necessary. Or they might be new to their jobs and be poorly trained in customer service.

The challenge for the change leader is to articulate "why change" and their initial vision for the change to key stakeholders in ways that they will understand and move them to positive actions.

Mobilization: Gap Analysis of Hotel Operations

The present state of the hotel operations has several dimensions that could be addressed. The following gaps might exist:

- A gap in information between room readiness and the information that the desk clerk has
- A gap between what the hotel's managers say they will do and what they actually do
- A gap between the appropriate bill and the bill given to the customer
- A gap between the desired interpersonal relationships between employees and customers and that which exists
- A gap between the desired handling of hotel guests and that which occurs

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

Taking an organization through the process of change requires going through predictable stages of change. Some organizational change experts, such as Kotter (1996)[15] and Duck (2001),[16] argue that a leader must successfully take the organization through each stage before moving to the next stage. While our experiences suggest that context matters and we challenge a rigid prescription of stages of change, we do believe that there is a predictable beginning, middle, and end process of change, and these set the stage for future pressures for change. Things don't stand still.

Acceleration: Getting From Here to There

In this phase, specific actions are undertaken to advance the implementation of the desired changes. Several planning tools can be used (see Chapter 9). If the general manager in the hotel case decided that the issue to be tackled is computer systems, then the implementation plan and actions might include the following steps:

- Discuss the need for change, the gap analysis, and the vision for change with involved staff to develop a consensus concerning the need for action.
- Form a users' task force to develop the desired outcomes and usability framework for a new computer system.
- Contact internal information systems specialists for advice and assistance on improving the hotel's information system.
- Identify the costs of systems changes and decide which budget to draw on and/or how to fund the needed systems' changes.
- Work with the purchasing department to submit a "request for proposal," promoting systems' suppliers to bid on the proposed system.
- Contact human resources to begin staffing and training plans.
- Implement the plans.

This list of sample tasks lays out the actions needed to accomplish the change. In Chapter 9, we identify tools that help in planning. For example, there are tools to assign responsibilities for different aspects of projects and others for contingency plans. Other tools illustrate how to manage during the transition. Organizations usually don't stop what they are doing because they are changing! In the hotel, for example, rooms will need to be made up, allocated, and assigned while the information system is being modified. In particular, receptionists will need to ensure a seamless transition from the old to the new system. In many

system changes, parallel systems are run until the bugs in the new system are found and corrected. Hotel receptionists need to be trained on the new system. How and when that will be done in this implementation phase is part of the managerial challenge during the transition state.

Institutionalization: Measuring Progress Along the Way and Using Measures to Help Make the Change Stick

The final aspect of the model deals with the measurement of change and the metrics used in that measurement. How will the general manager know that the changes implemented are working? Managers can measure inputs easily, such as the number of hotel receptionists who are trained on the new system. But management will also need to track the number of times rooms are misallocated. This is a more difficult problem because the staff could be motivated to prevent accurate reporting from such a system, if the results could put the staff in a negative light. Chapter 10 talks about measurement and control methods that can assist change managers in navigating the path forward.

Models improve change managers' abilities to plan and implement organizational change and to predict outcomes. The Change Path Model provides a practical framework that lays out a linear process for change. This model, like others, risks having change managers oversimplify their challenges. Cause–effect analysis is complex because organizations are nonlinear, complex entities and the constantly shifting external environment impacts an organization's customers and resources. An overreliance on superficial thinking can lead to errors in judgment and unpleasant surprises. Organizations are more surprising and messier than people often assume.

Coordination and control of change may appear fairly straightforward. However, the reality is that organizations often undertake multiple change projects simultaneously. For example, a factory may be shifted toward a continuous improvement process while other parts of the organization are being restructured. Different managers are working on separate change projects to make things better. Under such complexity, control is difficult and likely involves multiple layers of authority and systems. Difficult yes, but coordination and integration of efforts towards shared goals can be accomplished when approached carefully, thoughtfully, and empathetically. See **Toolkit Exercise 2.2** to examine a change initiative through the Change Path process and differentiate between the how and what of change.

Summary

This chapter differentiates what to change from how to change and uses several models to explicitly consider how to change. Successful change management requires attention to both process and content. The Change Path Model serves as the organizing framework for the chapter sequence is laid out using the model. See **Toolkit Exercise 2.1** for critical thinking questions for this chapter.