MANAGING THE WIND OF CHANGE

Dr Kulbhushan Chandel
HPU-Shimla
EXPECTATIONS, CHALLENGES

hopes

fears
JUST SWITCH ON THE TV

And you see........

- Noida roits....
- 2G, 3G.......and so many other scams
- Raja, Radia, Kalmadi, Kanimozhi.............
- Singur
- Price rise – Food items, gold, silver, real estate
- US Crises........
- European Crisis...... and so on
AND......

- Up to 20 percent of workers in Indian sandstone quarries are believed to be children, about a million children in total, some as young as six.
- Remember – Union Carbide, Satyam, Cossets, JVG, Golden Forest, and recently - Speak Asia
- Stock market scams
- What not!!!
THE NEXUS……

- The unholy alliance
  - Neta – Babu – Seth nexus

- The intellectual support
  - By journalists & media
  - Professionals in PR (Lobbying!)
  - So called research
WHY????

- Because, we weigh success in terms of money
- Individuals’ unethical actions transform to the unethical corporate actions
- Firms concentrate on only profiteering
  - Forgetting about the other stakeholders
- Taking advantage of lax legal set up, uninformed consumers, they resort to exploitation
IT’S THE TIME TO DISCUSS...

- CSR.......  
- Corporate Governance.....  
- Corporate Change......  
- Business Ethics  
- Trusteeship.........  
- Climate Change...  
- Managing the Wind of Change....  
- Etc.. Etc... etc...
CORPORATE LESSONS

- So, we will be going through change
- Here’s three lessons from large corporations to help you to survive change....
CORPORATE LESSON 1

A crow was sitting on a tree, doing nothing all day.

A small rabbit saw the crow, and asked him, "Can I also sit like you and do nothing all day long?"
The crow answered: "Sure, why not."

So, the rabbit sat on the ground below the crow, and rested.

All of a sudden, a fox appeared,

Jumped on the rabbit... and ate it.
CORPORATE LESSON 1

Moral of the story is….

To be sitting and doing nothing you may be sitting very, very high up. You have to be careful of challenges ahead.
"I would love to be able to get to the top of that tree," sighed the turkey, "but I haven't got the energy."

"Well, why don't you nibble on some of my droppings?" replied the bull. They're packed with nutrients.

The turkey pecked at a lump of dung and found that it actually gave him enough strength to reach the first branch of the tree.

The next day, after eating more dung, he reached the second branch.

Finally after a fortnight, there he was proudly perched at the top of the tree.

Soon he was spotted by a farmer

Who promptly shot the turkey out of the tree.
CORPORATE LESSON 2

Moral of the story:

Bullshit might get you to the top, but it won't keep you there.
A little bird was flying south for the winter.

It was so cold, the bird froze and fell to the ground in a large field.

While it was lying there, a cow came by and dropped some dung on it.

As the frozen bird lay there in the pile of cow dung, it began to realise how warm it was. The dung was actually thawing him out!

He lay there all warm and happy, and soon began to sing for joy.

A passing cat heard the bird singing and came to investigate.

Following the sound, the cat discovered the bird under the pile of cow dung, and promptly dug him out and ate him!
The morals of this story are:

1) Not everyone who drops shit on you is your enemy.
2) Not everyone who gets you out of shit is your friend.
3) And when you're in deep shit, keep your mouth shut
FIGURE 1.1 Market Stakeholders of Business
FIGURE 1.2 Nonmarket Stakeholders of Business
A STAKEHOLDER NETWORK

Figure 1.3

- Stakeholder
- Business Firm
- Stakeholder
- Stakeholder
- Stakeholder
- Stakeholder
A Changing World

- E-Business
- Expanded Information
- Faster Communication of Information
- Data Security
- Continuing Globalization
- Competitive Business Environment
- Reengineering & Deregulations
- Compliance with Laws & Regulations
HENCE......

- Everyone has a role to play:
  - **Business:** Business ethics and CSR
  - **Customers:** Sustainable consumption
  - **Government:** Regulatory and supportive
  - **Special Interest Groups:** Watchdogs
CHANGE

- Change is the singly most important element of successful management
- To remain effective, organizations (and individuals in them) have to adopt a positive attitude to change
- Ignoring or trivialising change can be costly
CHANGE

- No organization is immune to change
- To cope with new external and internal forces, leaders have sought to fundamentally alter the way their organizations work
LESSON FROM HISTORY FOR CORPORATES

WHY BAD THINGS HAPPEN TO GOOD COMPANIES

- CHANGE BYPASSES THE COMPANY
- COMPANY BYPASSES CHANGE
- BOTH HAPPEN SIMULTANEOUSLY
- SOME HAVE MANAGED THIS EXCEEDingly WELL TO REMAIN IN GROWTH CURVE
- OTHERS HAVE BEEN WIPED OUT AND/ OR LANGuISHING
MANAGING CHANGE

"Change is not merely necessary to life. It is life"
Alvin Toffler
THE CHANGE PROCESS INVOLVES EIGHT CRITICAL STAGES
1. ESTABLISH A SENSE OF URGENCY

- Examine external realities
- Identify and discuss crises, potential crises, or major opportunities
2. FORM A POWERFUL GUIDING COALITION

- Assemble a group with enough power to lead the change effort
- Encourage the group to work as a team
3. CREATE A VISION

- Create a vision to help direct the change effort
- Develop strategies for achieving that vision
4. COMMUNICATE THE VISION

- Use everything possible to communicate the new vision and strategies
- Teach new behaviors by the example of the guiding coalition
5. EMPOWER OTHERS TO ACT ON THE VISION

- Get rid of obstacles to change
- Change systems or structures that seriously undermine the vision
- Encourage risk taking and nontraditional ideas, activities, and actions
6. PLAN FOR AND CREATE SHORT-TERM WINS

- Plan for visible performance improvements
- Create those improvements
- Recognize and reward employees involved in the improvements
7. CONSOLIDATE IMPROVEMENTS AND PRODUCE STILL MORE CHANGE

- Use increased credibility to change systems, structures, and policies that don't fit the vision
- Hire, promote, and develop employees who can implement the vision
- Reinvigorate the process with new projects, themes, and change agents
8. INSTITUTIONALIZE NEW APPROACHES

- Articulate the connections between the new behaviors and organizational success
- Develop the means to ensure leadership development and succession
FOUR MISTAKES

The source of most failures of change
1. WRITING A MEMO INSTEAD OF LIGHTING A FIRE

- Change efforts fail at the first critical step - establishing a sense of urgency.
- Too often leaders launch their initiatives by calling a meeting then expect people to “buy-in”.
- It doesn't happen.
2. **TALKING TOO MUCH AND SAYING TOO LITTLE**

- Most leaders undercommunicate their change vision
- An effective change vision must include new, aligned behaviors on the part of senior executives
- Leading by example
- People watch their bosses very closely
- Inconsistent behavior by a manager fuel the cynicism and frustration
3. DECLARING VICTORY BEFORE THE WAR IS OVER

- It is important to celebrate results but underestimating the difficulty and duration of organizational transformation can be catastrophic.
- If you settle for too little too soon, you will probably lose it all.
- Celebrating incremental improvements is good to mark progress and sustain commitment - but don't forget how much work is still needed.
4. LOOKING FOR VILLAINS IN ALL THE WRONG PLACES

- The perception that large organizations are filled with middle managers who resist all change is not only unfair but untrue.
- People at every level are engaged in change processes.
- The biggest obstacles to change are not middle managers but, more often, those who work just a level or two below the CEO - vice presidents, directors, general managers, and others who may have the most to lose in a change.
- That's why it is crucial to build a guiding coalition that represents all levels of the organization.
All institutions need effective leadership, but nowhere is the need greater than in the organization seeking to transform itself.
YOU must be the change you wish to see in the world

Mahatma Gandhi
FOUR DIMENSIONS OF CHANGE (EAGLE LIFE)

Understanding Change

Consolidating Change

Planning Change

Implementing Change
QUESTIONS TO ASK YOURSELF
QUESTIONS TO ASK YOURSELF

- Have I involved everyone who should be involved?
- Do I and my colleagues really believe that involvement is essential for successful CHANGE?
- Has the case for CHANGE been communicated and understood?
- Have people had the necessary training and preparation?
- Have management layers been kept to a minimum?
PRODUCING CHANGE

- Is 80 percent leadership - establishing direction, aligning, motivating, and inspiring people –
- And 20 percent management - planning, budgeting, organizing, and problem solving
- Unfortunately, in most of the change efforts, these percentages are reversed
QUESTIONS TO ASK YOURSELF

- Have I ensured that everybody knows what benefits are expected from the CHANGE?
- Does everybody fully understand and accept the case for CHANGE?
- Can I answer everybody’s vital question: “What’s in it for me?”
- Will the planned CHANGES genuinely make people’s jobs more interesting?
- What would I want done for me if my job was at stake?
POINTS TO REMEMBER
(1)

- Change should not begin until all key questions are answered
- Involve people in plans
- Measurement is the key to realistic planning
- People work best if they identify a change with their self-interest
- Long documents, long words, and long explanations are off-putting
- Objectives must be few in number and unambiguous
The likely consequences of change, inside and outside the organization, need to be considered thoroughly.

All key managers must fully commit themselves to the change philosophy.

Vital needs that must be supplied should be identified and catered for.

There needs to be regular liaison between all departments and functions affected by the CHANGE.

Everyone should understand the importance of treating others as allies, not enemies.

People at all levels are fully capable of understanding the business case for CHANGE.
Emotion cannot be countered by reason alone, but requires emotional reassurance.
Once trust is lost, it is very difficult to win back.
Criticism is not necessarily mere resistance; it may be well founded.
Once the CHANGE programme is up and running – and working – resistance will dwindle.
In overcoming resistance, prevention is better than cure.
(4)

- Confronting opposition and opponents is a painful necessary
- If obstructive ringleaders will not reform, they will have to leave
- All senior people should develop the habit of taking and listening to everybody
Self-criticism needs to be allied with self-confidence.

If people whole heartedly support CHANGE, they will become its ardent defenders.

Any set-up should be re-examined and improved periodically.
DO’S AND DON’TS
(1)

- Do invite suggestions from everyone
- Do hold frequent formal and informal meetings
- Do involve teams in planning as well as implementation
- Do manage people’s expectations with care
- Don’t make offers people cannot refuse
- Don’t keep unnecessary secrets or tell any lies
- Don’t forget that CHANGES should improve organizational results
- Don’t leave anybody out in the cold
(2)

- Do promote comradeship among CHANGE agents
- Do give CHANGE agents stretching tasks
- Do encourage people to form and follow up ideas for CHANGE
- Do listen to what CHANGE agents say about morale and reactions

- Don’t assume that older people are too set in their ways to be CHANGE agents
- Don’t discourage others by singling out CHANGE agents for special treatment
- Don’t prevent CHANGE agents from using their initiative
- Don’t create an atmosphere of secrecy
ADDITIONAL ISSUES
USING CHANGE AGENTS:
QUALITIES OF CHANGE AGENTS

- Realistic
- Effective Communication
- Eager for improvement
- Attentive listener
- Restless
- Good collaborator
- Ideas person
EMOTIONAL REACTIONS TO CHANGE

<table>
<thead>
<tr>
<th>Time</th>
<th>Active</th>
<th>Passive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Stability at the Point of change</td>
<td>Inability to act</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Anger</td>
<td>Bargaining</td>
</tr>
<tr>
<td></td>
<td>Testing</td>
<td>Depression</td>
</tr>
<tr>
<td></td>
<td>Acceptance</td>
<td></td>
</tr>
</tbody>
</table>
## DEALING WITH NEGATIVE REACTIONS TO CHANGE

### Types of Negativity | What to Do About Them
---|---
RATIONAL | • Explain plan with greater clarity and detail  
|  | • Involve everybody  
|  | • Institute bottom-up programme
PERSONAL | • Stress improved job prospects  
|  | • Accept managerial responsibility
EMOTIONAL | • Show with examples  
|  | • Stage a series of meetings  
|  | • Demonstrate  
|  | • Explain the reasons for change  
|  | • Be honest
## STUDYING ALL ANGLES OF CHANGE

<table>
<thead>
<tr>
<th>External</th>
<th>Internal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the client satisfaction rising?</td>
<td></td>
</tr>
<tr>
<td>Has the improved quality increased results?</td>
<td></td>
</tr>
<tr>
<td>Is the organization or department meeting schedules and targets? How is staff morale?</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Process</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is quality nearing 100 percent?</td>
<td></td>
</tr>
<tr>
<td>Can schedules be cut? Are innovations emerging?</td>
<td></td>
</tr>
<tr>
<td>Is the financial position better?</td>
<td></td>
</tr>
</tbody>
</table>
REVISION OF A CHANGE PROGRAMME

Implement CHANGE programme

Measure results and obtain feedback

If successful, continue programme

If necessary, revise programme
RESISTANCE TO CHANGE

- Doesn’t surface in standardized ways
- Can be overt, implicit, immediate, or deferred
- Easiest for management to deal with when it is overt and immediate
- More challenging if it is implicit or deferred
RESISTANCE TO CHANGE

- Organizations and individuals resist change
- In one sense this is positive since it provides a degree of stability and predictability to behaviour
- Without resistance organizational behaviour will lead to chaotic randomness
RESISTANCE TO CHANGE

- Is a source of functional conflict
- Can stimulate healthy debate
- Hinders adaptation and progress
RESISTANCE TO CHANGE: INDIVIDUALS

- Sources of resistance – Habit; Security; Economic Factors, Fear of the Unknown
- **Habit**, i.e., programmed responses helps us cope with complexities of life; when confronted with change this tendency to respond in our accustomed ways becomes a source of resistance
RESISTANCE TO CHANGE: INDIVIDUALS

- **Security** – People with a high need for security are likely to resist change because it threatens their sense of insecurity.

- **Economic Factors** – Concern that changes will result in lower income; Fear that they cannot perform new tasks or routines especially when pay is closely tied to productivity.
RESISTANCE TO CHANGE: INDIVIDUALS

- *Fear of the unknown* – Change substitutes ambiguity and uncertainty for the known; You trade known for the unknown and the fear and insecurity that goes with it
RESISTANCE TO CHANGE: ORGANIZATIONS

- *Organizations are conservative* – actively resist change through structural and group inertia and threats to member expertise, power relationships and established resource allocations
WHAT SHOULD THE MANAGER DO?

1. Initiating change is an important part of the manager’s job
2. Expect resistance to change come in a number of forms
3. Prepare to undermine this resistance
HOW TO UNDERMINE RESISTANCE

- Provide rewards for accepting change
- Communicating reasons for why change is necessary
- Including people who will be effected by the change to participate in change decisions
USE PARTICIPATION TO REDUCE RESISTANCE TO CHANGE
PARTICIPATION

- Having staff participate in decisions that affect them is no panacea
- Has only a modest influence on employee productivity, motivation and job satisfaction
- A potent force for combating resistance to change
RIGHT CONDITIONS FOR USING PARTICIPATION

- Adequate time to participate
- Issues are relevant
- Staff have the ability to participate
- Organizational culture support staff involvement
WITH THE RIGHT CONDITIONS

- Participation can reduce resistance, obtain commitment and increase the quality of the change decision.
YOU CAN TEACH OLD DOG NEW TRICKS
Remember

Tell me I will forget

Show me I might remember

Involve me I will never forget
OUR DUTY AS ACADEMICS AND PRACTITIONERS

- Redefine Professional Courses
- Instil ethics
- Let ethics be the philosophy and not functional competence
RESEARCH ISSUES ......

- Corporate Reporting
  - ICAI guidelines,
- CSR and government regulations
- CSR and standards
- To Manage and Cope with Business Changes
  - (ISO 26000)

And Many more...........
Being A Change Agent
UNDERSTANDING THE CHANGE PROCESS

- We need to be able to work with change at the very *micro-level* (persuading individuals within organizations to work in new or different ways)
- We also need to be influencing the agenda at the *macro-level* – changing public opinions
OUR ROLES IN THE CHANGE PROCESS

Inside  Backseat  Outside

Up-front  Backseat
AS CHANGE AGENTS

- We need to consider Four dimensions
- Our position in relation to the organization
- Our association with the change – either proactive or reactive role
# Matrix of Strategic Roles

<table>
<thead>
<tr>
<th></th>
<th>Inside</th>
<th>Outside</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Up-front</strong></td>
<td><strong>Champion</strong></td>
<td><strong>Activist</strong></td>
</tr>
<tr>
<td></td>
<td>Within the organisation</td>
<td>Likely to remain an outsider</td>
</tr>
<tr>
<td></td>
<td>Seen as a leader</td>
<td>Fierce in supporting or</td>
</tr>
<tr>
<td></td>
<td>Closely associated with</td>
<td>opposing change</td>
</tr>
<tr>
<td></td>
<td>change</td>
<td>Has strong views and</td>
</tr>
<tr>
<td></td>
<td>and moving things forward</td>
<td>expresses them</td>
</tr>
<tr>
<td><strong>Back-seat</strong></td>
<td><strong>Tempered Radical</strong></td>
<td><strong>Messenger</strong></td>
</tr>
<tr>
<td></td>
<td>Working within the</td>
<td>On the outside</td>
</tr>
<tr>
<td></td>
<td>organisation</td>
<td>May bring good or bad news</td>
</tr>
<tr>
<td></td>
<td>Commitment to organisation</td>
<td>A Trojan horse?</td>
</tr>
<tr>
<td></td>
<td>Work with powers-that-be</td>
<td>Not closely associated with</td>
</tr>
<tr>
<td></td>
<td>Still passionate and</td>
<td>change – always at one step</td>
</tr>
<tr>
<td></td>
<td>committed</td>
<td>removed</td>
</tr>
</tbody>
</table>

**Notes:**
- **Champion:** Seen as a leader, closely associated with change and moving things forward.
- **Activist:** Likely to remain an outsider, fierce in supporting or opposing change, has strong views and expresses them.
- **Tempered Radical:** Working within the organisation, commitment to organisation, work with powers-that-be, still passionate and committed.
- **Messenger:** On the outside, may bring good or bad news, a Trojan horse? Not closely associated with change – always at one step removed.
LETS ALL PONDER ON AN ISSUE IMPACTING US............
THANX