

## MANAGING CHANGE

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### **ABSTRACT:**

*Change is something companies must do if they are to survive and compete in today's business world. The three articles reviewed for this paper explain how change can be managed and implemented so the company's culture is not disrupted. The articles also stress it is important to make sure change can be sustained over a long period of time. When a change is taking place it needs to be implemented so it makes sense to the company's culture and environment. The authors suggest ways to help manage the change, but each company must adapt the ideas to their own culture, there is no one set formula for change. This paper provides an overview of how companies should manage change so a sustainable culture is created that can compete long term.*

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### **INTRODUCTION:**

The three articles all relate to managing change, but each one takes a very different viewpoint. I expected the article "Cracking the Code of Change" (Beer & Nohria, 2000) to explain theories of change and how to adapt these theories to fit a company. I would expect the article to help explain why change efforts fail in some companies and what the companies did wrong in their change efforts. The second article "The Case of the Machinists' Mutiny" (Chew, 1990) I would expect to be about a company that would like to make some changes, but due to poor planning and implementation the change is stopped due to employee resistance. This article also includes expert opinions and I would assume these experts would be able to explain how the company could have made the change implementation better. The last article is "Change Without Pain" (Abrahamson, 2000) and from this article I would expect to read about how companies can change without pain to the employees and to the company's culture. All three articles should help me gain a better understanding of how companies can implement change effectively.

#### **Article 1: "Cracking the Code of Change"**

The first article is entitled "Cracking the Code of Change" (Beer & Nohria, 2000). This article details the two theories of change and explains how the two approaches can be combined. The

combining of the two theories helps a company to change affectively and then to sustain the change.

The first theory is Theory E, which is based on economic value. Theory E is often referred to as the “hard” approach because it has a hard impact on the employees and the company. Theory E focuses solely on increasing the shareholder’s profit. In trying to accomplish this goal, the company will make changes to improve the bottom line. This frequently includes layoffs, restructuring of the organization and downsizing. Companies using Theory E usually see results, but a major drawback is that these companies forget about building a culture which can be sustained and compete in the long-term. If this sustainable culture is not built then the company will go out of business.

The second theory is Theory O, which is based on the organizational capabilities of a company. This theory, the “soft” approach, focuses on the employees and the culture of the company. The companies using this theory want to “...develop corporate culture and human capability through individual and organizational learning...”(Beer & Nohria, 2000). Theory O stresses that through human and cultural development the value of the stock will increase. Just like Theory E, this theory will also produce positive results. The main drawback with Theory O is that often productivity gains are not enough if there is not any increase in the shareholder’s profit.

The best approach to change is to combine Theory E and O. When these two drastically different theories are integrated and managed together they work to increase the profit while also developing a culture which can be sustained and compete long term. The article uses examples from two companies, each using a different theory to show the extreme differences between the theories. The article then explains if the two theories are used together the end result would increase profit for the shareholders and a sustainable culture, which can handle future change.

This article showed one theory of change will not work on it’s own. In the past companies felt they either changed by focusing on profit or on the organization, but history has proved this approach lacks success. In order to change successfully a company must use both theories together. I would highly recommend this article because the article showed where other companies have failed at change and then explained how the company could have succeeded if

both theories were used. The authors do a good job of comparing the two theories and then explaining how to combine the two theories into a change method companies can use.

## **Article 2: “The Case of the Machinists’ Mutiny”**

The second article is entitled “The Case of the Machinists’ Mutiny” (Chew, 1990). This article was a case study based on a company called Trail Manufacturing which produces cable crane components. The company was a mid-sized company set up to run high-volume jobs on manual equipment. But with today’s economy and competition, Trail determined the best money was in low-volume jobs.

The President of Trail decided to bring in new technology to replace the old machines. He researched the new machines and decided to bring in eight flexible manufacturing cells which would replace twenty-eight old six-spindle screw machines. Since this was new technology and training would be needed a plan was laid out to set up teams, one for each cell, and the company would phase in the new machines. Each team would be trained and then they would construct and run their own cell. Once one cell was on-line a new cell team would start up until all eight cells were on-line. The first five teams went through the process fine, but at team six the company had a problem. Team six consisted of men who had been at the company many years. The team went to the president and told him they refused to switch over to the new machines. They felt the old machines were running fine and the new machines did not show the expected improvements, so they wanted to continue working on three six-spindle screw machines.

At this point the president had to determine if he wanted to keep going with the project or alter it to keep some of the old machines. Some management personnel felt that if the new cells were going to work, a clean break had to be made from the old machines. Others felt that since the productivity gains were not being seen yet by the new cells, the possibility of keeping the old machines for a short time might be a good idea. The case ends without a decision being made by the company. Four experts in operations management give their opinions on the situation. Only one out of the four said the company should continue on with the original plan and if the members of team six leave the company then it is the price to be paid for progress. The other three are quick to point out the president made a wrong assumption in the planning. He assumed that by bringing in new technology productivity would improve. This is a wrong assumption

because technology is only as good as the company and how the company works. One of the experts points out “truly understanding how the whole system plays together, and not just implementing the latest technique, means bridging the gap between the emotional and the technical” (Chew, 1990). The president did not see that by bringing in new technology it would change the culture of the shop floor. Men who had years of experience on the old machines and were in seniority would be at the same level or lower than the younger more computer literate employees. This would be a big culture change for the employees. Most of the experts suggested slowing down the remainder of the cell startups and specifically addressing the concerns of the men on team six. If team six’s concerns are not addressed there could be more problems with the rest of the teams.

This article showed a good picture of how a company has to go about major changes, especially ones affecting the culture of the company. The expert opinions enhanced the article and I would highly recommend this article because it is an example of a case that is played out in companies all over.

### **Article 3: “Change Without Pain”**

The third article is entitled “Change Without Pain” (Abrahamson, 2000). The main theme in this article is change must take place, but change does not always have to be disruptive to the organization. The author believes companies “... should intersperse major change initiatives among carefully paced periods of smaller, organic change, using processes.”(Abrahamson, 2000). The author calls this “tinkering and kludging”(Abrahamson, 2000). By placing small changes between large changes, companies can manage change through dynamic stability.

Dynamic stability “...is a process of continual but relatively small change efforts that involve the reconfiguration of existing practices and business models rather than create new ones” (Abrahamson, 2000). The goal of dynamic stability is to create a change which can be sustained long term, not just in the short term. To achieve dynamic stability the big and small changes must be done at the right time, at the right pace and the organization must “tinker and kludge”.

“Tinkering” is taking a current process and making small changes to it. This is done at a low cost to the company and the results are often very quick. “Kludging”, on the other hand, is tinkering but on a larger scale. “Kludging” looks at outside resources for improved parts or processes and

looks at the unused resources within the company. Many companies do not realize they have resources not being used because the processes using the resources are too slow to fully utilize the capacity of the resource.

There are four operating guidelines successful companies use when “tinkering and kludging.” The first guideline is to reward shameless borrowing, or in other words, do not re-invent the wheel. Companies need to encourage employees to creatively use what is already there instead of re-inventing a process because this is a waste of time and resources. The second guideline is to appoint a chief memory officer who can document and remember what has been done. Companies need to make sure they document the past so lessons can be learned from the mistakes and so mistakes are not repeated. The third guideline is “tinkering and kludging” should be done internally first because it is easier to manage change if you stay inside the organization. Once you go outside you lose control of some aspects of the process. The fourth guideline is to hire generalists. Generalists are people who have a wide range of skills and through their knowledge they are able to combine ideas, processes and cultures. Generalists are good at “tinkering and kludging” because they have such a wide range of skills.

This article gave a different viewpoint of change. Most articles talk about large changes which change major parts of the company at once. This author stresses change should be done at a decent pace and mix large and small changes together so a company can manage the change through dynamic stability. This is another article that I would recommend because it makes you stop and think about your own approach to change and if your approach is productive.

**Incorporation:** Most companies know they need to change to stay competitive, but very few companies have been able to manage the changes made effectively. After reading these articles I am going to strive to incorporate the aspects of doing tinkering and kludging internally into my current job. Even if a change is minor the impact of the change needs to be considered before the change is implemented. Many people, myself included, assume since a change is minor the impact will be minor, but this is not always true. These articles have showed me that no matter what type of change is being made accurate planning needs to be done to ensure that the change can be sustained long term. The one thing I really gained from these articles was that technology is not always the answer, and even when it is the answer other things need to be factored into the change process. This is something I knew before, but the case study re-enforced this idea and

since the industry I work in is geared to changing tasks are currently done manually to being done by a new technology this was a good reminder for me. Bringing in new technology changes the entire culture of a company and this needs to be addressed in the change process.

**Summary:** Change is a big topic in industry today and there are a lot of articles about how to manage change. Most of the information in these articles I had heard before through other articles or through classes, but these articles helped re-enforce the concepts through lessons learned from other companies. The article “Change Without Pain” (Abrahamson, 2000) did however have a new concept I had not heard of before. The concepts of “tinkering and kludging” were a new concept for me, but after reading the article it makes sense. Companies spend a lot of time and money trying to invent new parts or processes when all they would have to do is make changes to current processes or products. This article also pointed out that small changes inter-mingled with large changes helps an organization with stability of the company culture. Through all the articles I learned constant change is not good or healthy for a company and the change process should be implemented in a way that is not disruptive to the culture of the company. If the points of all three articles are used then a company has a good start at achieving change which can be sustained.

To quote Arie de Geus “...the only sustainable competitive advantage is to learn faster than your competitors,” (as cited in Martin, 1995) if this is true, as a company learns more, they must make changes. So I would change the quote to say the only sustainable competitive advantage is to learn faster than your competitors and to make changes which can be sustained long term. This paper provided an overview of how companies should manage change so a sustainable culture is created that can compete long term.

### **References:**

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