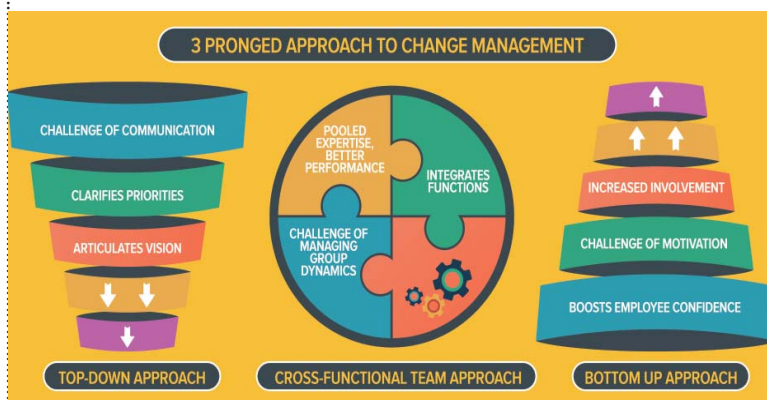# The Paradox Of Change

Change feeds change in a business. It is therefore not surprising that stories of organisational growth and survival across the world are also stories of acute self awareness and timely change.

BY **PROF. M.V. ANURADHA**

There is no entity in the world that has not witnessed change. Organisations change, and with time, every organisation grows bigger and more complex. This leads to changes in the way a company structures itself into departments and hierarchies. Cultures develop with the founders, and over time, become deeply embedded within the psyche of the organisational members. The culture of any business makes all its members behave in a synchronized fashion, giving it a personality similar to any living entity. All these changes are the result of the natural process of growth and aging in the life of any establishment. However, these changes are gradual and unplanned and define the personality and performance of an organisation. Yet, since the occurrence is gradual, most firms remain opaque to performance related effects that the life cycle changes bring along with them. Literature on organisational studies is replete with examples of giant corporates (E.g. Kodak), that died because they remained utterly unaware of changes occurring within themselves, and, how it was not in sync with the changes occurring in their environment.

Charles Kettering, the ingenious American inventor and a long-time head of research at General Motors, once said, "Change is the only thing that has brought about progress." This aptly sums the beautiful paradox about the concept of change within organisations. Change feeds change in a business. It is therefore not surprising that stories of organisational growth and survival across the world are also stories of acute self awareness and timely change. Planned organisational change is the (intentional and well-thought through) process by which organisations move from their current state to some desired future state in order to increase their effectiveness. Therefore, organisations need to keep relooking at their natural growth process or unplanned change, and then strategically intervene with efforts at planned change whenever required.

Deconstructing VUCA: The change trigger

The life stage of the organisation is just one of the factors necessitating the planned change effort. For a holistic understanding of how the life stage is related to planned change efforts, one needs to look at the organisation along with the context it is embedded in. The contemporary business environment has often been encapsulated

3 PRONGED APPROACH TO CHANGE MANAGEMENT

CHALLENGE OF COMMUNICATION
CLARIFIES PRIORITIES
ARTICULATES VISION
TOP-DOWN APPROACH

POOLED EXPERTISE, BETTER PERFORMANCE
INTEGRATES FUNCTIONS
CHALLENGE OF MANAGING GROUP DYNAMICS
CROSS-FUNCTIONAL TEAM APPROACH

INCREASED INVOLVEMENT
CHALLENGE OF MOTIVATION
BOOSTS EMPLOYEE CONFIDENCE
BOTTOM UP APPROACH

using the acronym VUCA - Volatile, Uncertain, Complex and Ambiguous. However, businesses have always existed in uncertain and ambiguous environments. So, what is the unique challenge that the present environments pose to businesses? Two factors have significantly increased the volatility and complexity in the environments today- technology and demography. Technology refers to the process through which inputs are converted into outputs in any industry- be it the use of information technology, automation in manufacturing plants, or creative teaching techniques like storytelling and theatre, almost all industries are undergoing paramount change in the way work is done within organisations. Not only is such a change occurring, it is occurring at a very fast pace. Information technology has also opened doors for smaller players to enter businesses posing grave competition to the long existing corporates. This has rendered the environment volatile.

While on the one hand, technology is fast changing, on the other, people are changing

too. The workplace demography today is more diverse than ever before. The opening up of the economy and globalization has brought together people from various nationalities working in the same team. More than half of the Indian working population today is below the age of 35. Both the popular press, as well as academic research (to a lesser extent) has found value differences between various age cohorts

> ## It might be difficult to list all of them, but some essential skills that a change agent cannot do without are:
>
> - A good understanding group dynamics
> - Good ability to communicate the vision either through speech or action
> - Ability to walk the talk i.e. act as a role model

working within organisations today. Getting work done from this diverse group has led to increased complexity in the business environment.

Businesses therefore are forced to be agile and be ever ready to change, because change is the only way for them to survive. How does one know that the organisation needs to engage in a planned change effort? Depleting profit margins is one of the most concrete indicators of the necessity for change. Therefore, the change leader always watches out for low efficiency, low effectiveness and increased conflicts, all suggesting that the organisation needs to change. Understanding the need for change and what triggers it is very crucial and can be missed by many. However, it is just the first step towards change. The actual challenge in any organisational change effort is its implementation.

The Change Challenge.

The change management model proposed by McKinsey & Co 1 suggests a three-pronged approach to managing organisational change effectively-
i. Top-Down approach
ii. Bottom-Up approach
iii. Cross Functional team approach.

Top Down- Approach

Change can be lead from the top. The top leadership articulates the vision for change, clarifies priorities for the organisation during the period of change, signals commitment to the goal of change, and, tries to create

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energy around the change vision to ensure that the vision for change is acted upon. There are several advantages of initiating the change process from the top.

- Having the support of the top brass in a change initiative allows for easy resource mobilization. This is crucial for the success of the change effort.
- The vision for change can be synchronized across various levels and divisions of the organisation.

Keeping in mind the change objective, actionable goals are set for each functional department in the organisation. These goals then cascade down to the lowest level in the organisation. Enforcement of these goals also becomes easier when coming from the top leadership. Despite these advantages of the top-down approach, one of its biggest challenge is converting the vision into action.

Challenge of communication

When leaders communicate a need for change, they could be inspirational, and yet, the inspiration might not get converted into real change until and unless, clear and specific goals are set in alignment with the vision. Most top-down change efforts fail because this does not happen. E.g., the top management might emphasize to the members of the organisation that, "the vision is to win the international quality award in the next five years." However, articulating this vision time and again truly leads to effective change. For the top down approach to be effective, the leaders need to emphasize the urgency in their intentions. This can be created by articulating the vision for change in a more concrete fashion. E.g., the same vision can be articulated as, "the vision for the organisation is to increase reliability of our products by reducing defect rate from the existing 9 % to 0.03% in the next two years." This vision can be used to set goals and measureable performance metrics for all the functions across the organisation.

Bottom - Up approach

The vision for change can be communicated,

and, it also possible to create a sense of urgency around this vision, but, no change initiative can be successful until the participation comes from the lowest levels in the organisation. When metrics aligned to the vision are set around all activities, then the advantages of a bottom up approach for change is that it increases involvement and the confidence of the employee on the ground. However, this advantage can be reaped only when the top down vision has actually touched the employees' hearts. The challenge of this approach then is that of motivation.

Challenge of motivation

Articulating a vision and setting performance metrics is just the first step towards bringing

> **❝Organisations are constantly engaging in practices like market consolidations, mergers and acquisitions etc. to maintain their competitive edge.❞**

about change. The biggest challenge in any change initiative is that of changing the mindsets of people. Making people unlearn what they have learnt over a long period of practice, and then, making them learn to look at doing business in a new way is extremely challenging. People tend to resist change

because either they do not understand its necessity, or because they simply do not like it! The success of any change effort here, depends upon the ability of the change leader to navigate his/her way through this resistance. Various influence tactics based on the psychological principles of liking, reciprocity, scarcity etc. have been mentioned in academic literature. These techniques can be used by the change agent to build trust with the employees and motivate them to participate in the change effort.

Cross-functional team approach

Teams are key to change. They increase participation and the pooled expertise of the members leads to better performance. Cross functional teams act as the crucial integrating mechanism that links the change efforts made across the various functions. However, the challenge while working with cross function teams is dealing with the group dynamics.

Challenge of managing group dynamics

Organisations are large groups and teams within them are smaller groups. Therefore, all the aspects of group dynamics (E.g. Group identities, intergroup conflicts, thinking only in terms of the departments goals instead of the organisational goals etc.) come into play when people work across functions. Cross functional teams take time to get over these differences and start viewing themselves as a team with the same objective. Change agents need to allow team members to spend more time together, engage in activities that help in achieving the same goal etc., in order for the initial differences to melt away. The role of the change leader also becomes crucial in communicating regularly with the team members and making them work towards a common goal. The objectives and the challenges of each of these three approaches to change are interdependent and complimentary at times. Therefore, all the three ways of addressing change mentioned above, need to be used simultaneously and given equal importance for change efforts to be successful.

Learning Organisations: Building a culture of change

The above discussion suggests that a successful change effort requires the change leader to possess a number of qualities and skills.

Apart from these qualities that the change leader should possess, the culture of the organisation itself requires to have an attitude towards change and learning embedded within. There can be organisations that engage in regular fire-fighting whenever issues related to performance or effectiveness of the organisation pop up. A knowledge repository of such events is not maintained, and the learnings from them are never applied to

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improve the organisational processes as a whole. On the other hand, there could be organisations that use their learnings from past events to re-evaluate the culture and policies of the entire organisation in such a way that the organisation is not only able to beat the competition in the present, but, is also able to apprehend the changes that might occur in the future. This kind of learning is called double loop or generative learning. And organisations that have evolved such a culture are known as 'learning organisations.'

The ability to change continuously and effectively is essential for any organisation today. Organisations are constantly engaging in practices like market consolidations, mergers and acquisitions etc. to maintain their competitive edge. The success of all these practices depend upon concerted change management efforts. Another major influence on businesses today is the effect of automation. Driverless cars, pilotless airplanes, virtual reality, fully automated manufacturing techniques, no longer remain as fantasies. The western world has already started thinking of ways to engage human beings in the face of such massive change. It might be some time for India to reach this stage, but in order to remain competitive, we need to change before we have to! **HC**

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1.   https://www.mckinsey.com/business-functions/Organisation/our-insights/leading-Organisational-transformations?cid=eml-web