

ELEMENTS OF CHANGE MANAGEMENT

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DYNAMICS OF WORLD COMPETITION

In the post-World War 2 era, the conversation around how to become the world's best, and sustain competitive advantage, has raised the topic of organizational culture. The introduction of the elements of World Class Manufacturing (WCM) to the United States via Toyota has raised the performance bar for all of global manufacturing. However, few truly understand it and the results of efforts tend to fall far short of the depth of what Toyota has achieved. Jeffery Liker, in the first chapter of his book, *The Toyota Way*, bemoans this fact. Adapting to the ever-changing dynamic of the competitive world requires a different way of thinking about the management of a business.

WCM involves making change, and it's how we view that change that either enhances, or diminishes that chance of success. Noel Tichy, in his groundbreaking work, *Managing Strategic Change*, says, *"Managers and consultants have frequently limited their approaches to the management of change... It is that managers tend to view the change process from only one perspective. That is, some view change solely as a technical problem. Others see it solely as a political problem. And still others see it as solely a cultural problem."*

In their interesting analysis of change management, Mink, et al say this, *"... American companies are attempting to respond to the twin forces of worldwide competition and increased demand for quality. In recent years, nearly every business has introduced a new philosophy, a new approach, or a new system to keep up with those challenges. These efforts are often substantial, requiring several years to implement. These programs take many forms, but they all... represent some form of change.... in the way the organization does business."*

There are no cookie cutter ways to make organizational change, there are too many variables, and not the least is the way people behave. Those who propagate a single way of making change should not be listened to, for they will lead you into a dead end. This is why Mink et al, conclude *"... something else in common as well: a very high rate of failure."*

ENGAGING PEOPLE

We know that this is complex, but where do we start. Mink et al suggest you start with *"people"*, they say... *"Healthy organizations need healthy people... If Western companies are absolutely serious about competing effectively in an international market place, with people working as hard and as productively as the Japanese and Taiwanese, they must first look at how well their people are and how competent they are overall. We cannot build good work teams on weak people. We cannot expect people who are fearful to take on sweeping changes."* So how do we rebuild that competitiveness? Change... sustained change... is necessary.

The predominant reason for initiating *"organizational change"* is to improve business results. Since the early part of the 20th century, the role of people in delivering improved productivity has been deeply studied. The Hawthorn Effect experiments of the 1920's showed the business world that the engagement of workers in the decisions that affect them vastly improved their contribution to productivity increases. During World War II the introduction of simple methods to train workers using the TWI methods, where shop floor leaders are required to engage the worker, listen to them and train them, raised their productivity in very short periods of time.



The Japanese used these same methods to raise the frequency and number of improvement ideas to make Japanese industry the most competitive in the world. Today's "lean manufacturing" has built on all of this.

For decades, experts have postulated that in order to make change effective, we have to have new "models" that are all embracing and comprehensive. Those "models" must help to shape the way leaders lead, and the way everyone works more productively. They must shape new ways of decision-making and process management, because it is by changing processes, that we get different results. These "models" must be responsive to competitive and external influences; be resilient to threats; be able to hold leaders responsible, displaying levels of ethics that maintain an orderly society; and be sustaining, ensuring that the best practices are constant and predictable. The "models" must appeal to the highest level of our thinking, and must help everyone in an organization strive in the direction of attaining a successful outcome. They must be simple enough for anyone to understand. The "unskilled" workers who operate our machines have our competitiveness in their hands. That is the great lesson of industrial history.

So what should these "models" look like? The typical response is one that comes from the top. Top management is expected to create the strategies to become profitable and competitive, so it's "top-down" driven. The usual model contains the need to define vision, values, mission, organizational culture, strategy and execution approaches. A vast amount of business literature has devoted itself to exploring the structures and deployment of these elements. They are all important. What is interesting about them is the fact that the technical/human interface is explored ad infinitum, yet when we as change consultants listen to the requests for help from companies, their pleas are described in terms of methods that are devoid of the human descriptive. Give us Kanban they say... and they forget that Kanban cannot work in a chaotic organizational system.

Satoshi Hiro describes Toyota's overall system that has characterized its success, and he says the motivation of people is paramount. He writes, *"Eiji Toyoda declared in no uncertain terms that the cardinal aim of personnel management is to motivate each person... Human motivation, or drawing out willingness, is central. The phrase 'cultivating people' ordinarily means raising skill levels, but at Toyota, hitozukuri, refers to motivating people."* He further suggests that this is achieved by taking a "psychological approach" and says Toyota freely uses the work of the foremost behaviorist theorists like Maslow, Herzberg, Argyris and others.

HUMAN INTERACTION IS ESSENTIAL

The work of changing the work practices of companies to achieve better performance is typically characterized by efforts to improve quality, reduce lead-time, and change processes to respond faster to the competitive environment and customer demand. Process speed, reliability and flexibility have become essential. The methods and tools that have now become synonymous with these approaches we now call "lean" and "6 sigma" or also Total Quality Management, Just in Time, Total Productive Maintenance, and so on. The deployment of these institutionalized methods is entirely in the hands of people, and their way of deploying them is dependent on an organized system of deployment. These very same people are required to use these methods to change the processes that will deliver profit. This change in process requires ideas and a thinking working population. So we begin to see the emergence of the need to understand the relationship between these methods, let's call them technical elements, and the way they should be deployed, but more especially, the way they require human interaction.

Osama Katayama, in his book *The Toyota System*, describes the organizational fabric of the way Toyota has used people to build competitiveness. Their “Challenge Program” has three pillars... *“A revolution in the cultivation and use of people... awareness and work methods of administrative and engineering personnel... revolution in organization and management, better matching the framework of the organization to the content of the work. They assign people full time to limited term project team... that cut across the organization...”*

The implication is simple, make sure that the organizational fabric is structured to deal with the real work, or the real process, and don’t limit people’s creativity to the narrow functional processes they typically live in.

CULTURAL PARADIGMS

Schein discusses organizational culture, he says... *“Culture and leadership are really two sides of the same coin.”* But he also says... *“Culture is a deep phenomenon that culture is complex and difficult to understand...”* However when we are called upon as consultants to “change the culture” or when we blithely state, “Oh, to be successful, management has to change the culture,” what do we mean?

I have referred to Tichy earlier and his idea that managers seem to look at change through a single paradigm. He postulates a three-strand approach that embraces technical, political and cultural elements. Mink et al are as inclusive, defining leadership, culture, the process of organizing efforts to change paradigms, and deploying methods that change work practices.

Liker describes fourteen management principles he says made Toyota great, and what they use have built descriptions about what Toyota does very differently. Just read all the books written about Toyota, and you’ll be more confused than ever. However one thing remains consistent in all these writings, there is a pattern of inclusion, and we shall create headings to float these things under... culture and behavior, leadership behavior, the solid emphasis on being really organized, and precise, with attention to detail, and clear about what needs to be done and the methods to get it done. These all weave together, and without any reference to Toyota, Tichy simply says there is technical work, political work and cultural work to be done.

So we have raised more questions than we have answered. Consulting in the field of organizational change requires us to be adept at pulling ideas from many sources and to make them relevant to what the client needs. However being too broad in capturing these many ideas in ways that just lump them together is not helpful to the client, it smothers them with theories and does not provide the kind of simplicity of visibility nor a framework within which the vast array of technical methods, organizational ways of working or that elusive culture we seek to build can be constructed.

So at LMSPI, we have decided to create a simple framework under which we can put some logical order to this mountain of work. Organizational change, we say must embrace three broad elements, or domains, or paradigms, and they can be clustered into technical, organizational and cultural domains. All three are essential, and have equal weight. This is just the beginning of an important series; we will delve into these three domains in detail. Look for Part Two soon.