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Fear of change? A myth!¹

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ABSTRACT It is a commonly heard preconception that the 'lower down' an organisation one looks, the more rigid are people's attitudes. Research was carried out in a number of companies to discover the extent to which this conception corresponds to reality. The conclusion is that change is an emotional issue. People are willing to change, they just don't want to be changed. The extent to which people are willing to change depends very much on the management of change. The research discloses that there are basically three sets of attitudes of people towards change. It gives characteristics of good and bad management of change. It defines four change strategies and outlines which strategy is to be used when and where. The initial situation, characterised by a newly defined quantity, the potential for change, plays an important role in this choice, together with the time pressure and the complexity of the change process.

INTRODUCTION

In order to answer the question of whether people are inherently hostile to change, we carried out a number of case studies, six of which are briefly reported in this paper. Approximately 60 people in each of the case studies were interviewed 'on the shop floor'. The information thus obtained was processed in four ways. First, a classification was made concerning the attitudes of people in a change process. This leads to profound understanding of attitudes in favour of change and resistance to change. Secondly, characteristics of a well-managed and a poorly-managed change process were summarised, resulting in general 'do's and don'ts'. Thirdly, a simple model of the change process was designed in which a number

of planned change strategies were defined. This model gives an indication of which strategy should be followed, when and why. Finally, the role of the initial situation was analysed, resulting in the definition of a new quantity called *potential for change*. This paper follows the steps outlined above.

IMPRESSIONS GAINED FROM THE CASE STUDIES

For the case studies, six companies were selected such that a range of sectors as well as a range of different change processes was obtained. In each company, around 60 employees 'on the shop floor', i.e. the lowest organisational level, were selected on an arbitrary basis. These employees were arbitrarily divided into

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groups of six to eight people. After an introduction, these groups were interviewed along the following questions:

- Which change processes are taking place here?
- How are they being managed?
- How effective is this method of management and how do you feel personally about it? (cf. Cook, 1995)

During the interviews, no attention was paid to the usefulness or necessity of the changes; the only object was to find out how the processes were being managed and the reactions this was provoking on the shop floor. The participants were promised that they would never be quoted by name. The style of the interviews was kept informal. As a result, the interviews were held in an open atmosphere and soon developed into real discussions that gave a wealth of — often unexpected — information. The results of these discussions were compared with the information given by the management prior to the interview sessions. In all cases, albeit to a different degree, there was a wide discrepancy between the information given by the management and that given by the interview sessions. This discrepancy also concerned the very question 'which change processes are taking place?' In contrast, the results from the various discussion groups did not differ very much between groups except for the emotions that sometimes ran very high. Below we give summaries of the case studies.

1. A factory making electronic appliances

In the first case, the introduction of a new logistical system results in particularly sweeping changes within the

organisation. The objective — to bring about lower stock levels and a shorter throughput time in the factory — was achieved in every respect. Higher management and middle management in the production departments and most of the staff departments are extremely positive in their evaluation of the system. They point to the calm and clarity the system has brought, in addition to the logistical advantages.

Lower management and the production personnel, on the other hand, are totally perplexed by the system. One particular source of surprise, and in some quarters even of consternation, is the fact that large series used to be made, which meant that ample amounts of components were constantly being supplied, whereas now smaller series are made with precisely measured quantities of components. As a result, the workers on the shop floor are faced with overtime owing to the fluctuations in demand for the various products and delays in delivering the necessary components. Attempts are being made to solve these capacity problems by further refining the automated system and trying to introduce a two-shift system in the production department, incorporating five-hour shifts.

Despite the failure by the production staff and lower management to appreciate this procedure, we had the impression that the workers' motivation was in general terms good. There was a willingness to achieve something, but how this was to be done in the new situation was unclear to many. This almost resulted in desperation. Although all echelons of the company were given extensive information when the system was introduced, this had obviously not made things clear enough. People were loyal, keen to cooperate and quite willing to adapt. However, they did not understand what was expected from

them, and they could not see the point of many of the changes implemented, which in many people's opinion contained quite a number of inconsistencies. Management explained clearly that there were no inconsistencies, but they failed to get this feeling over to the shop floor.

2. A truck factory

In a different company, technology is increasingly changing the nature of the production activities. It was realised at an early stage that, against this background, measures had to be taken to prevent the tasks in the production line from being eroded even further. As a result, a philosophy was developed, together with a corresponding plan of action aimed at job enrichment and the enlargement of powers. This led to the setting of certain objectives, including a reduction in the number of hierarchical levels and the phasing-out of separate staff departments, such as quality control. Part of these efforts was the introduction of production cells annex quality circles and a training plan geared to individual requirements. The changes are, from a rational point of view, highly satisfactory.

It turned out, however, that the climate for the introduction of these measures was not everywhere equally favourable, since the underlying motives were mistrusted. While the basic philosophy behind the plans was clearly appreciated, experience of other change processes made many employees afraid that eventually a situation would arise in which fewer people would have to do more difficult work for the same wages.

Although this fear, seen objectively, was not justified, there were nevertheless a number of incidents that sparked it. For example, the required alterations to standard production times

took too long to be introduced, owing to delays in a central staff department. As a result, time spent in group discussion and training had to be made up for. In a number of cases the group discussion was postponed because priority was given to production objectives, which had to be achieved come what may. Changes in the job evaluation system were also too long in coming. And finally many employees were somewhat sceptical about the usefulness of quality circles, etc., because experience had shown that middle management and the central staff departments were sometimes careless in their handling of suggestions from the circles.

We got the impression that the change process was propagated incidentally by a few enthusiastic managers, but that at the same time there was also resistance or lack of interest on the part of the central staff departments. This resulted in stagnation of the change process.

The technical change processes were severely complicated by the introduction of labour time reduction. In view of the alternative — loss of jobs — this 10 per cent reduction in labour time was generally regarded as an attractive solution. This opinion, however, quickly turned negative when it proved not to be possible for workers arbitrarily to choose days off, such as holidays. In addition, conflicts arose with trade unions, which demanded equal rights for factory workers and office workers. Such a situation was quite impossible according to management. The manoeuvring space for management was further restricted by the interference of politicians, while the press paid much attention to the problems, as it was the first time in Holland that such a substantial labour time reduction was agreed to by management.

The situation was complicated further

when sudden new orders required the hiring of external workers to fill the gaps. The labour reduction operation created much distrust, which severely handicapped the other change processes.

3. A computer software company

Yet another company is characterised by a typical working atmosphere, which was said to distinguish working there from working for competitors. This atmosphere was found to consist of four components, viz.:

- entrepreneurial spirit (solving problems yourself, decentralisation, small units)
- openness (easy contact with your bosses, not withholding any information, having the courage to admit mistakes, etc.)
- informal contacts with others, eg at the monthly group meetings, sports days, a couple of beers after work, etc. There is no management-worker distinction: 'no one feels they're on the bottom level'
- a flat organisation structure with few central staff. This works smoothly and informally. The open attitudes and informal atmosphere also strengthen the impression of a flat structure.

There is a conscious strategy of providing employees with a lot of information so that they are on the firm's side when things aren't too good. Conversely, they are allowed to 'join in the party' when things are going well. At one time, the entire company occasionally went on a trip; later, belts had to be tightened. As the managing director said: 'we let the employees experience both profit and loss'.

This company underwent a sudden change in the make-up of the shareholders when third parties acquired

40 per cent the shares from the existing shareholders, all managers of the firm. There is unanimous satisfaction about the change itself; it is regarded as having had a strengthening effect on the company. However, there is dissatisfaction about the way it was carried out. In view of the nature of this change, there could be no openness in this case; at first the management even denied that anything was going on. Although employees were able to understand this from a rational point of view, this 'culture difference' came as a shock. The employees' close identification with the firm ('it was as if part of you was being sold') and the fact that an administrative error led to some employees hearing about the change elsewhere before it had been announced internally reinforced this.

4. A savings bank

The fourth case involves a bank that decided to develop from a traditional savings bank into a commercial bank. This clearly had to be accompanied by an increase in the range of products on offer. In addition, the relatively non-commercial orientation of the employees — typical of a traditional savings bank — had to be changed into a 'more aggressive', more anticipatory and more commercial attitude. Since top management explained the background to these developments clearly and regularly, there was generally a good deal of sympathy with, and approval of these policies. 'Otherwise our bank will cease to have any right to exist in the future.'

When the new products were actually introduced, however, things did not go very smoothly. The original departments were regularly supplied with information that was either incorrect or out of date, and the consequences of the new products as regards administration and automation had not been sufficiently

thought through. The impression was created that so many changes were being made at once that the overall situation was becoming obscured. It was hard to find a solution to these operational problems, because there were too few structured progress discussions at middle management level at head office. Operational issues, too, often had to be sorted out by discussions at boardroom level, with all the delays and loss of information that this entails.

As might be expected, the more commercial, more aggressive approach was rather difficult for those employees who had worked in the 'old' bank. The employees had problems mainly because their commercial results were evaluated in relation to targets, which were felt to be arbitrary. These targets had been defined on the basis of a market survey, which many people considered to have been inadequate. This gave rise to irritation, and there was a tendency not to take the tasks seriously.

The new path that the firm had set out on involved employing all kinds of new, relatively highly trained people. These new employees were regarded and judged by the staff already present with a mixture of awe and disapproval. The 'traditional' employees maintained that the new employees behaved arrogantly ('the men with the smart jackets on'). This attitude was reinforced by the fact that the newcomers were not always introduced clearly into the organisation. They thus aroused opposition, which was further fuelled by the fact that their duties within the organisation made them, as it were, representatives of the new products and everything that went wrong with them. Those who had worked at the bank for some time consequently believed (wrongly) that the newcomers had insufficient knowledge of the banking profession.

All in all, the impression was given

that, culturally, the organisation was in danger of being split into two sub-cultures: on the one hand, the sub-culture of externally recruited people, with good possibilities on the career ladder, a commercial bent, busy thinking up new products and structures; on the other hand, a sub-culture comprising the employees who had worked there for some time, brought up with their own tradition of administration and management and with fewer career prospects. This picture of two sub-cultures was further accentuated by the fact that, in the departments of the existing employees, there was virtually no scope for enlarging the staff, whereas they had the impression that considerable expansion was going on in the new staff departments.

5. A printers

Because of less than pleasant experiences in the past, when the introduction of new technologies into the printing industry was accompanied by a good many problems, further automation in this sector is nowadays implemented very meticulously and cautiously. A step-by-step method is used, which consists of a number of elements. First, management occasionally provides written and oral presentations on the longer-term (3–5 years) effects of the technological developments on the various units in the organisation. The technological potential is thereby linked to the company's strategy. In the process, the negative effects on employment in certain departments are mentioned in fairly plain terms. At the same time, it is explicitly stated that the pace of technological change is partly determined by the adaptability and mobility of the employees currently working in the company.

The second element consists of an

agreement with the relevant trade unions, stipulating that, in principle, no jobs will be lost as a result of the introduction of new technology. Provided they meet the job requirements, employees in so-called threatened departments will have precedence over other candidates for jobs that become vacant within the group of which the company is a subsidiary. However, those concerned are expected to take an active attitude towards taking courses and making internal job applications. At the insistence of the works council, this policy has been supplemented with what is known as interest registration, which comprises a list of the types of job the employees concerned are interested in. Thirdly, the company department responsible for the final application of the automation carries out a regular requirements study amongst the future users. This involves talking to foremen, etc., about the specific needs existing in the technological area and means that they must be able to find out externally about the technological developments.

Generally speaking, the step-by-step method is favourably received in the organisation. There is a sympathetic attitude towards the need to implement technological changes. The assurance that no jobs will be lost is appreciated.

Nevertheless, this strategy has a number of drawbacks. As soon as it becomes clear that a department is likely to be 'in jeopardy' in the future, top-quality employees leave. This creaming-off effect significantly impedes the activities of such departments. In addition, employees who are still there after a certain time feel all the more threatened as the actual introduction of new equipment gets closer. Some react by accepting jobs at a lower level, others complain about lack of support with job applications. However, there are also

employees who, because 'no jobs will be lost in any case', make no effort to move to a new job outside the threatened department.

Moreover, employees attach far greater significance to the interest registration than was ever intended by management. As far as management was concerned, this was simply a means of making the employees aware of their situation and of prompting them to look for work more actively. The scheme led a number of employees to expect preferential treatment when there were vacancies in the field they were interested in and more active support from the personnel department during the search.

A further notable drawback of the step-by-step method is that some employees want to know exactly when new systems are to be introduced in the next few years and what implications this will have for which employees. Of course, management itself does not yet know this exactly, and some people think that, because this information is not forthcoming, the announced change will probably never take place. This phenomenon is particularly prevalent amongst employees who have never previously been faced with technological changes.

6. A foodstuffs wholesaler

A sweeping process of concentration has been going on in the foodstuff retail trade for a number of years. This process is due on the one hand to the rapid growth of the market share held by chain stores. On the other hand, it is the result of mergers and takeovers. The small shopkeeper, whether or not he is organised in a voluntary branch structure, seems increasingly to be fighting a losing battle. His market share is being eroded further year after year.

Within the voluntary branch structure

a small number of companies are succeeding in acquiring an increasing share of the market. One of these companies is the wholesaler which, together with the shopkeepers associated with it, was used as a case study in the investigation. This wholesaler buys centrally for the independent shopkeepers, takes care of delivery by way of a number of distribution centres and supports the shopkeepers with the development and implementation of shop formulae. Through these formulae, the independent retailers can reap the benefits of standardisation and local reputation, on the basis of which they have a far better chance of holding their own against the chain store.

The present company has developed over the years by way of a large number of takeovers. Mergers and takeovers are almost always accompanied by a great deal of secrecy and by uncertainty for the employees involved. It is also a rule gleaned from experience that in merged/acquired companies it often takes a complete generation before the different groups of employees are really integrated and the many personal frustrations have faded.

Some employees had witnessed as many as ten mergers or takeovers during the long period they had worked in this sector. These experiences had given rise to the deep-seated feeling that increases in scale are a necessity for survival and that, against this background, it is better to be in the acquiring company than in the acquired one. Thus, during the interviews, the need for the takeovers in the past was not once questioned and the usefulness of a possible new merger that was announced in the course of the study was also genuinely accepted.

However, the most recent possible merger has now been in the air for really

quite some time (over a year) and in a number of areas this has given rise to stagnation in decision making on new investments and the recruitment of new employees. The irritation about this is increasing. Moreover, in one of the distribution centres, the employees and management were convinced that the possible merger would result in closure, thus causing a general air of despondency.

The mergers carried out in the recent past, however, had generally speaking gone smoothly and the (remaining) employees had coped well with them. Most of the units in the organisation gave the impression of being reasonably well integrated. Only occasionally did we come across traces of sub-cultures from acquired companies. In one instance, it seems that during the takeover there was a management vacuum and a number of the people involved were treated shoddily. It is precisely in tense situations such as mergers that deficiencies of this kind make a deep impression on the feelings of those concerned.

The increases in scale which accompany mergers and takeovers and the more detached personal relationships that ensue did have the effect of reducing workers' identification with the firm. One of the employees expressed this as follows: 'Before, I worked for our company, now I work for a company'.

INCLINATION, WILLINGNESS AND INABILITY TO CHANGE: THREE TYPES OF ATTITUDES AND HOW TO HANDLE THEM

The many different impressions that surfaced from the cases were processed to give some generally applicable rules. The first insight is that three types of workers can be distinguished, those who have an inclination to change, willingness to change or inability to change.

Willingness to change is defined here as the perceivable willingness of people to go along with the changes that arise from the demands, made on the organisation by the dynamics of the 'environment'. This term is closely related to passive willingness, not objecting, being prepared to do something if someone else takes the initiative. Inclination to change presupposes a more active, anticipatory and self-adjusting attitude. This term can be defined as the perceptible endeavour to be constantly examining one's own performance and that of one's department and adding it to meet the demands emanating from the dynamics of the company's 'environment'. Inability to change is defined here as a fundamental attitude against any changes. No matter how many good reasons for change are given or how many guarantees against personal setbacks, the worker or manager will resist or sabotage the changes. Arguments such as: 'It worked in the past, why shouldn't it work now', 'If we all work harder, the changes are not necessary' can be supplemented by similar arguments all too familiar to the reader. Sometimes, resistance to change is disguised as: 'I am basically in favour of the change but we need more time to prepare for it', or: 'I am not against it but the powers of the controller's department (or another department where the quoted person works) should not be diminished, otherwise this place will become a mess'. One can always recognise inability to change by the use of the word 'but'.

One of the most striking conclusions of the investigation is that organisations incorporate an enormous amount of inclination to change and willingness to change. There is no such thing as inherent and unalterable resistance to change in every person. On the contrary, the findings appear to support the

conclusion that employees' willingness to change is as great as the extent to which they are motivated. The second most striking conclusion is the fact that a remarkable amount of inclination to change exists, but that it is not exploited as much as it could be. In the cases, this resulted in almost desperate requests to be allowed to contribute ideas or to have suggestions put into practice. Good ideas are not voiced because there are no facilities for hearing them and because no one asks for them. People with ideas are regarded as troublesome, as 'a kind of background noise disturbing the normal course of business'. Such people will exploit their energies outside the company, eg as committee members in a football club or church. They will then say: 'I have to work for my living but my life starts at five o'clock'. What a pity their company has no place to utilise this energy!

This research, as well as experiences with change management in a wide range of companies, suggests that in each organisation some 20 per cent of the employees are inclined to change. A similar percentage is absolutely against any kind of change, while the majority, say 60 per cent, are in principle willing to change. These figures should be taken as condensed experiences; they have not been statistically proven. They seem to be independent of the type of organisation people work in which contrasts with the general view that these percentages vary according to, for instance, the dynamics of the organisation or its branch of industry (cf. the stereotypes of the flexible ICT worker versus the bureaucratic civil servant). One would expect dynamic organisations to attract relatively more people with an inclination to change and vice versa. This does not seem to be true; it rather seems that the percentages represent any social organisation. The stereotypes stem

from the fact that say a risk-punishing culture or a series of demotivating change processes bring workers into a kind of lethargy that is mistakenly held for a widely distributed attitude of inability to change.

Willingness to change and inclination to change can be mobilised by good change management, and they will turn into resistance to change in the case of bad change management. Inability to change cannot be removed by good change management; however, such management can reduce its influence. Bad change management will frustrate the inclination and the willingness to change that is inherently present in the organisation, while the inability to change will become the dominant cultural feature. Good change management exploits the available inclination to change and mobilises the available willingness to change. That done, if one has support from say, 80 per cent of the population, one can quietly meet the 20 per cent of inability to change, although one should never underestimate the power of conservatives: *old structures fight back!* In contrast, bad change management will make the inclination to change inactive while bringing the willingness to change under the influence of the inability to change. In that case, there is only one change left; management itself.

GOOD AND BAD CHANGE MANAGEMENT

Let us now look closer at the question of what constitutes good or bad change management. We start with some observations from the cases:

- None of the management teams in the organisations investigated applied explicitly formulated change strategies, ie methods of systematically

approaching a change process (cf. Bennis, 1993).

- Communications between management and the shop floor seem to be *the* main problem where change processes are concerned. This problem has been badly misjudged by all the companies investigated (cf. Larkin, 1994; Bartlett and Ghoshal, 1995).
- Various groups within the organisation often have different perceptions of the change process, and the effects of the change strategy are felt in different ways. In the various case companies, different groups of people had perfectly logical explanations about what was going on and why. These explanations were highly consistent yet had nothing to do with what was really going on (cf. Siegal, 1996).
- Feedback of experiences from employees and executives to management is of great importance so as not to frustrate the progress and the perceived effects of the change process.
- The role of middle management is crucial to the success of change. Middle managers, especially, feel threatened by the coming changes, as they have usually obtained positions based on their experience and their 'fit' to the structure, culture and information system. When these are going to change, it remains to be seen whether they will fit again into the new situation; at least, that is how many of them perceive it. Middle managers often have few possibilities for retraining, they cannot be missed and it has been a long time since they went to school. Generals cannot win a war without the sergeants, and middle managers can be good intermediaries between top and floor (cf. Doherty and Horsted, 1996; Dixon 1995).
- In none of the cases was the works

council explicitly used as an instrument of the change process. Some companies regard works councils as potential sources for trouble and take the ostrich approach, others give them just enough information to keep them quiet, while still other companies work together with the works council. This saves more time than it takes and works councils can be an unmatched source of information and a vehicle for communication.

- in several cases, there was a mistrust towards the management because earlier change processes had been broken off.
- in one case there was a cultural divide between old employees and newcomers. Such a cultural divide is inevitable in the case of mergers. Cultural divides severely hamper change processes.
- in another case, there was a very sudden change, while usually changes were announced well in advance. Although the employees supported the change as such and they even understood the reason for the sudden secrecy, there was a feeling of distrust.
- implementing more than one change process at a time causes confusion and should therefore be avoided if at all possible. If, in spite of this, a number of far-reaching processes have to be implemented at the same time, more than the usual amount of attention should be paid to information and communications. Making twice as many changes requires four times the information.

Characteristics of a good change strategy

A change strategy perceived as being a good one is characterised by the following elements:

- things are 'put out to air' in advance, so a decision does not arrive like a bolt from the blue
- the purpose of the change is completely clear, meaning not vague, inadequately explained or 'overpacked'
- there are provisions for participation and adjustment, especially where individual matters are concerned
- there is a genuine intent to communicate and a satisfactory procedure for communications
- changes are implemented in their entirety with 100 per cent feedback to all concerned
- people are given enough leeway to give the changes some measure of personal interpretation. Management must then indicate some kind of framework.

Features of a poor change strategy are roughly the opposite

We should add that the statement 'The purpose of the change is completely clear' applies to two levels. First of all, the worker should be able to see the purpose of the change process itself. Above that, he should be able to see the purpose of the change process in the context of the company's overall strategy. The change process must make sense as to the direction into which the company decided to move.

The chief factors that encourage willingness to change are:

1. prior trust
2. time in which to get used to the idea
3. good technical preparations
4. information and communications
5. good contacts between managers and workers (cf. Feurer and Chaharbaghi, 1995)
6. adjustment opportunities during the process (Harung, 1997)
7. one change at a time
8. clear statements about the

- consequences for jobs
9. the existence of clear objectives of the change process
 10. finally, aggressive corporate strategies, a homogeneous culture, a clear structure and decentralisation stimulate willingness to change.

Factors that have a negative effect on willingness to change are:

1. being part of a larger organisation
2. heterogeneity in the quality and nature of management
3. interaction from elements in the company's or organisation's 'environment'
4. the existence of culture gaps, for example, between staff and line, between staff members, between top management and the shop floor, between generations of employees, etc.
5. too long a period of uncertainty about whether a process is to be implemented or not
6. complex organisation structures
7. raising expectations too high, for example, by some types of lists of wishes.

CHARACTERISING CHANGE STRATEGIES

After thus discussing the second set of conclusions of the study, the characteristics of good and bad change management, we now move on to examine the third set, in which we look into which change strategies can be pursued and which strategy is most suitable for each situation.

The change strategies that emerge from this study can be divided into two categories. On the one hand, we encountered the step-by-step method, which involves gradually changing the organisation without taking or having to take any risks regarding the motivation of

the employees. On the other hand, however, it was found that a number of strategies were implemented under a great deal of time pressure; it is with these strategies that most problems were encountered with the employees. In these cases, it made a great deal of difference whether a 'fast' change strategy also had a complex character. By complex character we mean in this context that several changes are being carried out at the same time and/or there is a strong and/or hostile interaction from the environment. The characteristics of these two strategies are outlined below.

Characteristics of the step-by-step approach

- thorough preparation of the process, including the times for information and communication, contributions and participation
- the change process is split up in phases
- between phases intervals are planned to accommodate communication, decision making and preparation for the next phase
- clear timetable with fixed dates for the completion of phases and intervals
- the next step is only taken when the previous one has been completed and 'digested'
- the detailed preparation for the next phase is only started when the previous one is finished
- managers are appointed before the start of the next phase.

Characteristics of the quick and dirty approach

- in this approach it is not possible or desirable to create a timetable for the various actions

- the purpose of the change process is clear and so are the actions that are parts of the process
- there is little planning beforehand and much improvisation instead
- the communication to employees is loosely structured. There are clear communication and information platforms and instruments, but within that, there is much improvisation
- there is relatively little opportunity for employees to participate in the process. This is the more so if there is a strong external interaction with the process
- the top manager operates with a management team. Non-executive directors often participate through a special structure.

We have labelled the second strategy 'quick and dirty' although 'dirty' is not a necessary prerequisite.

We can add two strategies to the ones above, one before the step-by-step approach and one after the quick and dirty approach. The first one is the gradual approach as follows:

Characteristics of the gradual approach

- this approach is part of common management. One can hardly call it management of change
- there is a timetable with all action clearly laid out so that very little improvisation is required
- people know in detail what they can expect from this strategy
- the purpose of the change process can be easily communicated because it is close to the existing strategies and norms and values
- in contrast to the other strategies, the gradual approach cannot alter the company in a fundamental way.

The other extreme of our fourfold set of strategies is the turnaround approach. In this case, the turnaround manager has very little time and often many parties on his back.

Characteristics of the turnaround approach

- dictatorial approach by the top manager who takes all responsibility (and all credit if he succeeds)
- complex situation and the need to act quickly require much improvisation. There is no such thing as a structured plan and there are no identified actions, although the objectives of the operation are clear
- the external situation often requires as much attention from the top manager as the internal situation does
- very often there are more change processes at once
- internal and external objectives conflict.

The four strategies can be linked by distinguishing four planning levels:

- the *objectives* of the change process: this level stipulates the purpose of the change process
- the nature and the sequence of the *actions* to be taken: by stipulating the nature and sequence of the actions to be taken, a kind of critical path plan can be set up, though the dates by which the various operations must be completed have not yet been specified
- the *milestones*, ie the dates by which the actions should be completed
- the *content* of the actions to be taken. In this case it is possible to go still further and also specify beforehand the content of the actions to be taken, in greater or lesser detail.

Table 1 Characteristics of the change strategies

Change strategy				
Planning levels	<i>gradual</i>	<i>step-by-step</i>	<i>quick and dirty</i>	<i>turnaround</i>
Objectives	prior decision	prior decision	prior decision	prior decision
Actions	prior design	prior design	prior design	improvisation
Milestones	prior design	prior design	improvisation	improvisation
Content	prior design	improvisation	improvisation	improvisation

Each of these levels can be realised through either a prior decision or design or improvisation. The change strategies can then be characterised in a simplified way as shown in Table 1.

THE ROLE OF THE INITIAL SITUATION

The success of a change process does not only depend on the choice of the optimal change strategy and good change management but also on the situation in the organisation before the changes start. If there is an *a priori* distrust between workers and managers, even a perfectly managed change process will lead to disaster. If, however, management has a good deal of 'credit' with its employees, it can work with a good deal of improvisation. Management of the starting situation is as important as the management of the change process itself.

The nature of the initial situation can be characterised by introducing the term *potential for change*. Potential for change is taken here to mean the extent to which willingness to change is manifestly present in the organisation and the extent to which there is a culture in which the inclination to change actively has been given chances; in each case, before the need for change has been announced. The potential for change is thus an *a priori* quantity. The factors

corresponding to high and low potential for change are summarised in Table 2.

Most factors do not require explanation. With regard to the effect of operating results, the experience is that good results create an atmosphere without fear in which people are likely to participate in the change process. They will see it as a means to further success. When the results are poor, people tend to become 'caught' in the present situation, like rabbits in the lamp of a car at night. When the results are very poor, however, it is obvious to anyone that something must happen, and this result contributes to a high potential for change. It seems obvious that there must be an absolute agreement in the Board of Management towards the need to change (Huggett, 1999).

WHEN TO USE WHICH STRATEGY?

The choice of the most suitable change strategy depends on:

- the nature of the initial situation
- the nature of the change process.

In order to characterise the nature of the *change process*, two dimensions seem to be of paramount importance:

- the desired speed of the change process (fast is always welcome but not always mandatory)

Table 2 Factors corresponding to high and low potential for change

The potential for change is:	
Low	High
<ul style="list-style-type: none"> — no confidence in management — poor internal communications — no (clear or communicated) corporate objectives and strategies — defensive strategy — weak corporate culture — inhomogeneous culture or various cultures — company has a weak or poor image — nebulous or complicated organisational structure — the organisation is part of a larger complex and dependent on other parts for its decision making — the organisation has a successful past — operating results are average 	<ul style="list-style-type: none"> — there is a great deal of confidence in management — good internal communications — clear, well-communicated objectives and strategies — offensive strategies — strong unified corporate culture, people are proud of their company — company has a good image — comprehensible organisational structure — organisation is independent or decentralised — young and dynamic organisation — operating results are excellent or very poor

— the complexity: situations are termed complex if at least one of the following conditions is met:

1. several change processes go on simultaneously
2. there is heavy interference from the environment with the company
3. the environment is hostile to the company.

The greater the time pressure and/or the complexity, the more one needs a change strategy in the order listed above. This is illustrated in Figure 1.

If the potential for change is low, one should move the hyperbolas of Figure 1 to the origin of the diagram and, when it is high, one can permit oneself to move the hyperbolas to the top-right corner. If the potential for change is

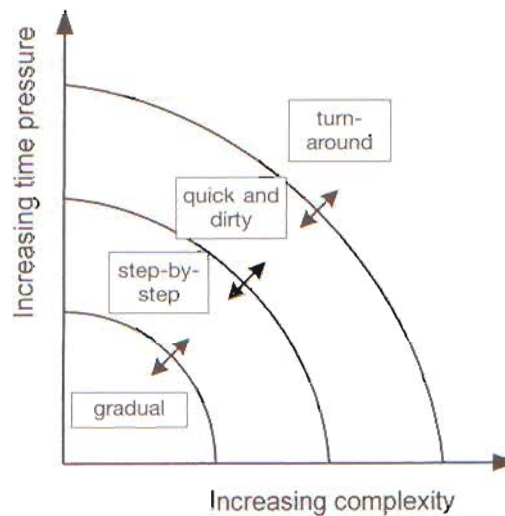
high, one can achieve a situation of permanent change (Pietiers and Young, 1999). If it is not high, one can better postpone the change and first improve the potential for change (cf. Pascale *et al.*, 1997). The change strategy should match the corporate strategies (Gratton *et al.*, 1999).

DO'S AND DON'TS

Now that we have reached four sets of conclusions, ie

- there are three sets of attitudes of people versus change
- there are characteristics of good and bad change management
- there are four change strategies each of which is effective under certain circumstances
- the initial situation is dominant in the

Figure 1
The domains of
the four
strategies; ↔
stands for
differences in the
potential for
change in the
initial situation



success of the change process and it can be characterised by the potential for change

we can summarise our findings in terms of do's and don'ts of a change process.

They read as follows:

1. Analyse carefully the type of initial situation you find yourself in (a kind of strength/weakness analysis of the initial situation) and the type of change process involved. Then choose specifically a change strategy suitable for the initial situation and the type of change. This is developed further below.
2. Draw up a plan of action beforehand, making sure you plan the transfer of information as well as the technical preparations and execution.
3. Make sure that there is a feeling of trust before the process starts and that this feeling is maintained; establish good personal contacts. This is possibly the most important recommendation.
4. If at all possible, restrict yourself to one change at a time.
5. Should difficulties arise in spite of this, you should normally switch to a higher information intensity and not simply slow down or dilute the process. As someone said during the interviews: 'If your car has a squeak, you don't drive slower, you lubricate it'.
6. Your people share in the successes and disappointments. Do not make things out to be better than they are and be willing to admit mistakes or tactlessness.
7. Make sure your technical preparation is sound and give particular attention to training matters. Make the tasks clear. Utilise people's qualities.
8. Involve the works council or some other employees' representative.
9. Give special attention to lower and middle executives: these two groups are often the pivotal points in the change process (Galpin, 1996).

CONCLUDING REMARKS

The secret of success in changing a company or other organisation lies in a balanced approach to the technical and human aspects of the change process.

From the business management point of view, this statement is a self-evident truth. In addition, many observations and conclusions of this study have been arrived at in earlier investigations. This raises the question of why these 'messages' have apparently not got through to management. Why are the same mistakes being made over and over again?

Perhaps this is because most managers still have a material or technical approach (technical can also refer to organisation), suggesting that a stubborn Taylorian legacy still persists. Many directors regard themselves in the first place as *managers of the business* and not as *leaders of people*. One can make a distinction between transactional and transformational leadership. In the case of transactional leadership, the leader knows what has to be done in the organisation to achieve certain results, taking into account the wishes and needs of the subordinates (Schaffer and Thomson, 1992). The transformational leader adds a further dimension to this, by inspiring subordinates to greater performances than had been thought possible. Charisma is an important key word in this and other significant factors are personal attention and intellectual stimulus. To this we would like to add that an inspired vision of the future and a sound feeling for communication, even more than good communication techniques, are important.

Although people's willingness to change is certainly not infinite, it is a pool that is much larger than many people think. There is also an enormous untapped potential of inclination to change. Our case studies indicate that there is not much wrong with the mentality of 'the employee'. This gives hope for the future, but there is a condition attached. This condition is that a careful approach to the human aspects

of the process is necessary, an approach that must be able to overcome other obstacles at all times (cf. Goleman, 1996). People are willing to change, they just don't want to be changed!

NOTE

1. This article is based on the study of the same name commissioned by the Foundation for Management Studies, The Hague, the Netherlands, and by research of the author in connection with his consulting activities.

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