

# **The Executive Guide to Improvement and Change**



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# **The Executive Guide to Improvement and Change**

G. Dennis Beecroft, Grace L. Duffy,  
and John W. Moran

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G. Dennis Beecroft, Grace L. Duffy, and John W. Moran

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*To my wife Mary Louise, and sons Michael and Douglas, who have always supported and continue to support me in all my ventures.*

—G. Dennis Beecroft

*To my husband, John G. Duffy, and to Dr. Mary Thornley, President of Trident Technical College, who supported my intense desire to learn.*

—Grace L. Duffy

*To my family, and all those improvement teams I have worked with over the years that have contributed greatly to my knowledge of how to do organizational improvement successfully.*

—John W. Moran





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# Foreword

What this world needs is more “how to” books. As an executive, I would love to have a cookbook that I could open and select just the right recipe for leadership, change, problem solving, or employee motivation. As a realist, I know that isn’t going to happen. *The Executive Guide to Improvement and Change* comes pretty close, however. And, it comes at a time when I am working on exactly the challenges this book addresses.

The president of ASQ gave me a mandate in May 2002 to broaden our society’s appeal to executive and senior management. Some of the phrases in that mandate are:

Increase the rate of strategic progress

Shorten the change cycle

Stimulate innovation

Develop leadership

Improve relations

As a fellow of the American Society of Association Executives, I am well versed in the concepts of management and leadership. The increased focus on leadership outside the traditional bounds of ASQ is an enjoyable challenge and one that serves the future of quality and performance excellence well.

One of the major topics of business literature now is “improvement and change.” How do we anticipate it? How do we plan for it? How do we implement it and get employee participation? How do we keep riding the leading wave of change? These questions are the grist of many news channel talk shows. The need for innovation is clear, as competition intensifies for new technologies, scarce resources, and broader markets.

These challenges are not new to executives. The pace with which we are bombarded by these challenges is. Managers do not have the time to sit in a quiet office and consider multiple alternatives. We must elicit ideas from those around us, generate options, and drive the best opportunity forward to success. We need executive tools to assist us in executive decisions. We need a fast and reliable source of techniques for success.

Little in the executive world is simple. The higher we go in the organization, the more complex our challenges become. Nothing comes in a box for us to add water and stir. There are those, however, who have been successful and who are willing to share their success. The messages in *The Executive Guide to Improvement and Change* are from executives and senior leaders who have successfully applied what they are sharing with us in the pages of this book.

Change happens with or without us. Improvement is something we can lead, and lead successfully.

Paul E. Borawski, CAE  
Executive Director  
American Society for Quality

# Preface

**T**he *Executive Guide to Improvement and Change* is designed to help managers and executives understand the many approaches available today to assist in improvement of their organizations. This is a book to assist executives and senior management in leading improvement and change initiatives within their organization and the larger business community. The book will also help educate those who aspire to senior positions of leadership.

The Quality Management Division of the American Society of Quality has sponsored the development of this book. The Quality Management Division has sponsored many books over the years to help managers and executives improve not only their organizations but their professional development as well.

This book is written by professionals with many years of direct, hands on experience in change and improvement techniques and/or many years of consulting experience. The authors have made improvements and change in many different types of organizations from healthcare, to manufacturing, to service, to telecommunications, to government, to academic institutions.

There are many techniques and tools available to improve or change an organization. These tools and techniques can be combined in different forms and shapes to provide an improvement or change process. Many of the chapters contain models that can be combined with techniques from other chapters to form such processes.

It is up to you, the manager and executive, to blend the approach that will work best for your organization and its culture. One technique that was successful at company X may be a total failure at company Y. Real improvement does not come from the model but rather from leadership commitment. You cannot substitute a change or process improvement model for leadership involvement and commitment. This book provides excellent models, processes, techniques, and tools to assist you, but you must lead the change and improvement in your organization or it will not happen.

As the principal authors of this book, we have had the privilege to work with the various chapter authors over the years, both professionally and in various volunteer efforts, and thank them for sharing their expertise in this effort.

G. Dennis Beecroft

Grace L. Duffy

John W. Moran

# Introduction: Notes to the Reader

**T**he *Executive Guide to Improvement and Change* is written by executives for executives. The authors share with you their techniques and tools that have helped make change and improvement successful in organizations where they have worked.

## STRUCTURE OF THE BOOK

The content of this book is presented in three parts: Initiating Change, Paths to Implementation, and Measuring and Evaluating Improvement. The three principal authors begin Part I with chapters on anticipating rapid change, leading the transformation through decision making, and using the cost of quality as a key driver for improvement. An additional chapter on supply chain management is included because of the holistic nature of the interactions required to accomplish this goal. Regardless of how the corporation is structured, establishing, monitoring, and modifying the various operations inherent in the total supply chain must be led from the very top of the leadership pyramid. Improvement is critical in the single organization. When organizations progress to the next level—partnership, dealing with change, decision making, problem solving, and cost allocation become increasingly difficult.

Part II, Paths to Implementation, includes a select set of approaches to organizational change and improvement. The authors explain that there is no one technique that works best for every organization, but rather that executives and managers need to develop their own strategies utilizing a combination of different methods. The authors share tools and techniques they have used to successfully make changes and improvement in their own organizations. Each chapter is self-contained, although the authors direct the reader to associated information in other parts of the text. It is important to

note that the authors do not espouse only one model for improvement. For example, the chapter on corporate planning models approaches organizational improvement from the self-assessment, top-down view, while the chapters on quality and environmental management systems use the bottom-up approach of structure through application of external standards. The executive is encouraged to consider each chapter's technique as it relates to the vision and culture of their particular organization.

Part III, Measuring and Evaluating Improvement, includes a series of special chapters that focus on results. The first four chapters address techniques widely used by the most successful organizations: *customer satisfaction* is not just a goal—it is a core business feedback loop for continual improvement; the value of *auditing* is so much broader than the internal or external comparison of actual operations to a chosen standard; the chapter on *balanced scorecard* is a valuable guide to identifying, measuring and acting upon what is most crucial for organizational success; and the chapter on *Six Sigma* offers an excellent executive guidebook to the value and ultimate rewards of this most important technique. Finally, Part III ends with a true success story of improvement and change. This last chapter takes the reader through the planning, implementation, and evaluation of a major organizational rebirth that received both state and national acclaim for its risk-taking and quality of execution.

Each chapter is structured in two sections. First, the author(s) provide the latest in theory, tools, and techniques specific to their subject. Where appropriate, the authors have included either original or publicly available figures, graphs, and listings to support their topic. Second, the authors have included references and additional readings the executive can use for their own information, or pass on to others who need more implementation detail. Because the authors have extensive experience in their subject, it is anticipated that the reader may wish to communicate further with these experts. For this reason a short biographical sketch of each author, including contact information, can be found in the About the Authors section at the back of the book. The authors welcome additional questions and are pleased to share ideas or point the reader to other resources.

## SELECTION OF GUEST AUTHORS

While the principal authors, G. Dennis Beecroft, Grace L. Duffy, and John W. Moran, have had significant success in their business careers, they are not experts in all fields of improvement. A series of guest authors were handpicked to write chapters based on their own leadership excellence. These authors were not picked because they already have texts available in their subject. They were picked because they have proven their leadership competence on the organizational playing field. These are the organization leaders, executives, and senior staff, most sought after for process improvement and change. Several of the guest authors are active in the establishment and documentation of international standards and have been recognized by their states and nations for leadership results. They have agreed to share their techniques for success with other executives as a way to support continual improvement.



## **AVAILABILITY OF REFERENCE MATERIALS**

Where applicable, the authors have included additional readings and references at the end of their chapter. Most of the references are available through the indicated publisher or through traditional and Web-based book sources. Many are available from ASQ Quality Press. In a few cases the authors clearly indicate where a work is no longer in print. The reader is encouraged to contact the author for further information on these particular works.

## **CONTACTING THE AUTHORS**

Biographical sketches along with contact information are given for each author, should the reader wish to contact the author for further dialogue. Contact is generally recommended through Internet communication. Since contact information may eventually change, or where this option is not available, the reader is encouraged to contact the editor at ASQ Quality Press for assistance.



# Part I

## Initiating Change

- Chapter 1** The Challenge of Successful and Sustainable Organizational Change
- Chapter 2** Problem Solving and Decision Making for Continuous Improvement
- Chapter 3** Quality Costs
- Chapter 4** Supply Chain Management



# 1

## The Challenge of Successful and Sustainable Organizational Change

John W. Moran and Jeffry M. Mead

*This chapter will illustrate the need for leaders to focus on change processes and mechanisms. We will also put forth a construct that leaders may find useful for drafting proactive measures to prepare people for large-scale organization changes, in planning for specific changes and for diagnosing stalled or failing change efforts.*

---

*“Our moral responsibility is not to stop the future, but to shape it. . . .”*

Alvin Toffler, *Future Shock*

A common question asked by leaders and employees in organizations is “Why do we need to change our organization on a regular basis? We like the place the way it is. Why keep changing all the time?” The answer is simply that the old ways of accomplishing our organization’s purpose are not effective and efficient and do not work any longer in the current market environment. For most organizations and their leadership, this is usually found out too late in today’s Internet-based world of rapid change.

Change is critical to the survival of organizations, especially technical organizations. And at this point in business history, what organization is *not* technical? Increasing competition and heightened customer expectations create constant demands for creative ways to approach problems and develop solutions. Yet most organizations have internal constraints that thwart rather than encourage change and innovation.

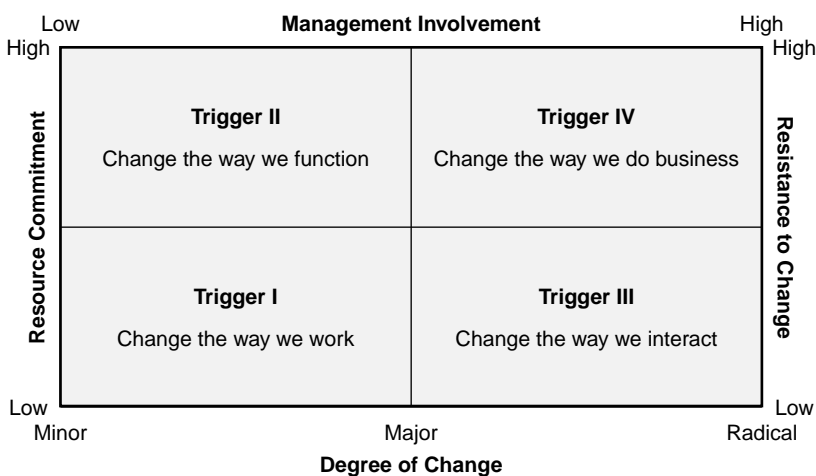
The business landscape is littered with organizations that were unable to get out of their own way while attempting to respond to economic demands, bring new ideas to the marketplace, or grow and change in order to ensure continued profitable survival.

Some of these organizations continue to exist as the walking dead, hollow silos of work groups attempting to survive through employee attrition, ongoing cutbacks in resources, and “holding the line” of vestigial processes, procedures, and ways of doing business.

Other organizations have flamed-out for the same reasons, in public and often in spectacular fashion. Polaroid Corporation, the creator of instant photography, went from being a half-billion-dollar world leader to holding a Chapter 11 fire sale primarily because of their internal organization’s inability to change far enough, fast enough, and with the least amount of friction possible. The world-renowned engineers and inventors in Polaroid’s research and development group created the forerunner of digital imagery nearly ten years before its popular acceptance in the 1990s. Yet feudal power struggles between departments and a fierce allegiance to status quo legacy systems conspired to relegate a number of advances and inventions to the “Good Idea But . . .” file cabinet.

Corporations have “antibodies” that resist change and challenges to their legacy, and drive out ideas and people that are considered “renegades” or at odds with the organization’s existence. One example is how Xerox was unable to change itself to embrace great ideas that came out of the company’s own Palo Alto Research and Development Center. Xerox gave the concept of a computer “mouse” to Microsoft and Apple, who subsequently made millions on the idea that Xerox was unable to exploit.

The majority of organizations change because they are forced into it kicking and screaming by the aggressiveness of their competitors in their market. The minority of organizations change because they have visionary leadership that is able to foresee a shifting and sliding marketplace and position their organization for the next market momentum move. These leaders understand the “triggers of change” and the four variables of successful change. As leaders, we want to know what and how much to change and when. The *triggers of change* and the *four variables of successful change* are shown in Figure 1.1 at different levels of intensity from high to low. The intensity levels require varying levels of effort and investment of scarce resources. When making an investment



**Figure 1.1** The triggers of change.

in change, one needs to be cautious and try to minimize the risk of failure. The best change is one that minimizes the intensity of the four variables of successful change, thus reducing the stress and strain on the organization undergoing change. This approach optimizes the possibility of successful change occurring.

Change has always been with us in one form or another. In the past we had the luxury of changing at a leisurely pace—our pace. Where it used to take 18 months to move from an idea to a marketplace product or service, it now takes five months or less, as shown later in this chapter. Change, like marketplace ideas, has also accelerated to this new pace. What would have been a long process of changing a culture now has to be a shortened process or the organization might be gone if it takes too long to change. In today's Internet pace of change, the rule is "*Change quickly, change often, or cease to exist.*"

In the past, the rule used to be that the whole was greater than its parts—it was called synergy. Training and consulting firms used to tell us that the whole organization pulling together could accomplish more than any individual. That is not completely true in today's techno-world because the old paradigms do not apply in this new world of rapid-paced change. Employees are capable of more changes, more often because they have made an individual investment in techno-change over the past ten years. Employees in the workplace are working in ways that are very different from what we used to consider "traditional" employment. Their work week now goes beyond nine to five and Monday through Friday—they are approaching 24/7. They are wired, wireless, connected, and can contact anyone, anywhere in the world with a keystroke at any time of the day or night, and possibly get an immediate response. It is almost as if no one sleeps anymore and we are constantly at work.

## **WHY DID EMPLOYEES MAKE THIS INDIVIDUAL INVESTMENT IN CHANGE?**

In today's business world, individual professional employees are capable of more change themselves than is the organization as a whole. This has come about for certain groups of employees who embraced each technological enhancement, gradually helping them work more efficiently and effectively. Not all the technology change of the past few years came at once. Individuals have changed in a constant and steady mode in response to technology, however. They tried the Internet, personal digital assistants (PDAs), cell phones, laptops, and so on and integrated them into their work life to make themselves more effective and efficient. They did this in a creeping reinvention, changing how they worked, when they worked, and where they worked. These "techno-individuals" were able to change and reinvent their work practices, work hours, work locations, and work interactions very easily by doing it gradually, consistently, and constantly. The more "techno" they became the more they changed and the more they could accomplish. Most of us, as we are reading this, are remembering people like that. They do not work for us anymore because we did not change fast enough or with them. They took their skills and ability to change to a new organization where they felt more comfortable.

People change when they see benefit to themselves for the near future. They are more willing to make gradual steady change rather than a massive upheaval. People resist a massive change because the variables of change are all at their maximum intensity level and require a great personal investment to make it happen. People have learned over the years that massive upheaval to make a change is seldom successful, and if it is partially successful the new situation is not the type of place in which a person wants to work.

## **WHY ARE THESE “CHANGE INDIVIDUALS” SO WILLING AND MOBILE?**

Part of this recent “Internet-speed” change has been a change in the entire definition and concept of “job security” and “employee loyalty” for organizations. Security and loyalty in one’s job used to mean that you worked for the largest employer on the block; that you did whatever your boss told you to do; that you kept your head down when things started flying; and that you were guaranteed a job if you did not make any mistakes and watched out for your bosses’ best interests. How this has changed in the new “world of work and change” paradigm!

Techno-professional job security now means that you know how you contribute to the bottom line; your skills are sharp and up to date; and you can define and detail your role in making things faster, cheaper, bigger, better. Your sphere of knowledge and influence includes your boss, your largest customers, your major competitors, and your most significant vendors. You know who else would pay for your services and how much they would pay, both inside and outside your present company. Loyalty is now to oneself and not the organization. Finally, you know what your skills are and how they benefit your present employer. You know what the next level of skills are that will be required by the marketplace, and how and where to market them. If you keep these skills “fierce and flexible,” you will still be changing while former employers are waning or have gone out of business.

## **WHY HAVE PAST CHANGE EFFORTS NOT BEEN SUCCESSFUL?**

In the ’90s, corporations started to lose their patience with “water and wait” change and Total Quality methodologies. The training and consulting companies would tell us that the process was important, and given enough time it would deliver the desired results. Very few organizations ever reaped the benefit of “water and wait.” Today, organizations need to change quickly and constantly. There is no time to wait. It used to be that we had to sell people on change, but in today’s fast-paced marketplace you either get with it or move on. Change is a core competency for even the most basic jobs. Now there is no time to coddle individuals.

If you are still purchasing “water and wait” change training and consulting that begins with large assessment processes of the current state, do not read any further. You



may be beyond hope and would be better off using the time updating your resume. Giving people classes on how to change is a waste of time since the whole organization never reaches a point where everyone is trained to change, nor can you afford to stop work and train everyone. The best way to train people on how to change is on-the-job training. Teach them to change like the techno-professional; a little change all the time. Individuals become great change agents when they are actually practicing changing on a regular and consistent basis.

## **HOW DOES AN ORGANIZATION APPROACH CONSTANT CHANGE?**

Organizations must approach change just as the most successful techno-individuals have, by constantly reinventing and making many minor changes so they are always positioned for the next wave of change in the marketplace. This way their workforce views change not as a strange phenomenon to resist but as one to embrace and not fear. It is normal to change if one is always doing it. Do not waste time developing facilitators or change agents to deploy into the organization, but rather make everyone an agent of change. Just developing change agents skilled only in the philosophy of change is a waste of resources since they have never actually done it but have only talked about it in the abstract. Putting employees through two to three days of mock exercises in change is another waste of organizational resources. In both cases there is no link to reality—nothing beats doing it for real. Save your “water and wait” training and consulting dollars and invest them in the first three triggers of change and not the fourth one. This approach has a higher potential return on your investment.

The New World of work is changing faster than the old one. There is little time to congratulate yourself on “getting it” because “it” will probably have changed again by the time you’re done celebrating.

## **WHAT BEHAVIORS CAN LEADERS USE TO SUPPORT CHANGE ON AN INDIVIDUAL LEVEL?**

At the end of each week, the leadership and employees of an organization should be asking themselves “How have we changed this week? How must we change next week?” Many successful employees are competent at dealing with change, yet do not know it or choose to deny it. Instead, they seize up when faced with an “official” change notice, acting out as victims or critics, more often than not in anticipation of their unrealistic negative perceptions becoming real. Conversely, when presented with the facts regarding their past history of successes with numerous individual and organizational changes, employees are given the opportunity to become empowered by recognizing their actual record of success and ability at coping with change.

Leaders can encourage potential innovators to emerge, and early adopters of change to continue by nurturing, facilitating, and protecting creative and worthwhile ideas in

addition to appropriate responses to change. Leaders can provide this support by standing behind the creative employee's ideas, finding resources within the organization to put their subordinates' new ideas into action, and publicly recognizing individuals who exhibit the organization's preferred response-to-change behaviors. When leaders fail to support and find resources for new ways of doing business, these ideas and adaptive behaviors can wither and die before their potential benefits are ever considered, and before others can observe and emulate the early or successful adopters of new changes.

In addition, maintaining a high level of positive employee motivation is essential for effective leadership in response to change. Doing so effectively involves a number of leadership behaviors. Active listening validates employee involvement and can alert management to potential pitfalls. Maintenance and enhancement of employee self-esteem facilitates attempts of new behaviors, and overcomes mistakes and errors that might otherwise cause employee paralysis. The focus on specific behaviors and outcomes helps to avoid a bias toward status quo activity versus results. Influencing employees through recognition and reward reinforces the organization's preferred response-to-change behaviors by holding them in bas-relief, or highlighting them, in addition to supporting repetition and emulation. Communicating the benefits of certain employee behaviors by linking them to the big picture speaks to everyone's best self-interest. Setting specific goals and follow-up dates goes along with the proven concept of "that which gets measured gets done."

Helping innovators, early adopters, and successful adapters of change should be one of leadership's primary functions on a regular basis. Leaders often have the singular opportunity to cultivate change by helping individuals convert ideas into action, thus encouraging organizational growth and preparing the ground for large-scale change initiatives.

## **WHEN MUST YOU MOUNT A CONSISTENT AND SUSTAINABLE CHANGE EFFORT?**

Do you wait for disaster? Or do you have foresight? The four triggers of change shown in Figure 1.1 are set up in four quadrants bounded by the four variables of successful change at different levels of intensity. The four variables of change—management involvement, degree of change, resource commitment, and resistance to change—are elements that need to be thought through in advance of starting any change effort, defining how much we can realistically accomplish and in what time frame.

The fourth trigger of change, "change the way we do business," is total cultural change and the most difficult to accomplish in a short time frame. In this approach you change the entire way you do business. This is the "desperate" trigger of change. In fact, when an organization pulls this trigger of change, it usually shoots itself in the foot. When an organization undertakes radical quick change it is usually as a knee-jerk reaction to being caught flat-footed in a changing marketplace or surprised by a competitor that is fierce and flexible. Massive upheaval usually results. The resistance to the change internally is high and sometimes rebellious. Management must heavily involve itself in making the change, patching up the mistakes caused by engaging in this massive

change, and possibly defending itself against charges of incompetence. The philosophy that is espoused is to quickly link the organization to a new vision and possibly a new business model that may or may not be well thought-out. Thus the possibility of successful execution of a total cultural change is small and very few have ever done it.

The fourth trigger is the only level where all four variables of successful change must be at their maximum level of intensity. We all know from experience that running four things at their maximum level and expecting them to mesh and turn out the desired result is foolish. At least one or two of them will have a misstep and throw the rest out of synchronization. When this happens, we are never able to reach our desired goal, much less recoup our effort or loss.

Organizations have better success with change if they use the other three triggers of change since the four variables of change are at different levels of intensity—some low and some high. The odds of success are higher when you only have to deal with one or two variables at high intensity levels.

The first level of change focuses on the way the organization works gradually. This is a continuous improvement approach trigger of change. At this first level of change, all four variables of successful change function at their lowest level of intensity. In this approach, each part of the organization is making gradual and continuous improvement in the way it works. This is a great way to train individuals in how to change. This is on-the-job change training for employees at the most basic level.

The second level of change is a structural approach that changes the way the organization functions. This type of change has both management involvement and resistance to change at the highest levels of intensity. This change can be accomplished quickly since it usually is a reorganization that can be isolated to specific departments and business units. Usually the resistance is confined to a specific area in the organization and can be controlled and monitored. The resistance to change may be isolated to a few individuals that can be coached or consulted into joining the effort. This type of change should happen whenever certain functions are no longer needed, the organization needs to be flattened, a key manager or employee leaves, a business unit is sold, or a product or service line is discontinued. This type of change is healthy for an organization in the long run since it repositions the organization to focus its employees and resources on new tasks or new businesses for the future.

The third level of change is a behavioral modification approach that changes the way we interact with each other in the organization. This type of change has the degree of change and resource commitment at the highest levels of intensity. This type of change involves having a very clear philosophy statement of why we need to change the way we interact and support each other in the organization. This new philosophy of change could be a new mission, vision, values, or goals for the organization. The degree of change is high since people will be required to act and behave in totally different ways in order to meet the new goals.

If organizations are constantly working on the first trigger of change and are occasionally making trigger two and trigger three changes they will, in effect, over time accomplish a level four change in an organized manner while reducing the stress on the organization that a complete level four radical change entails.

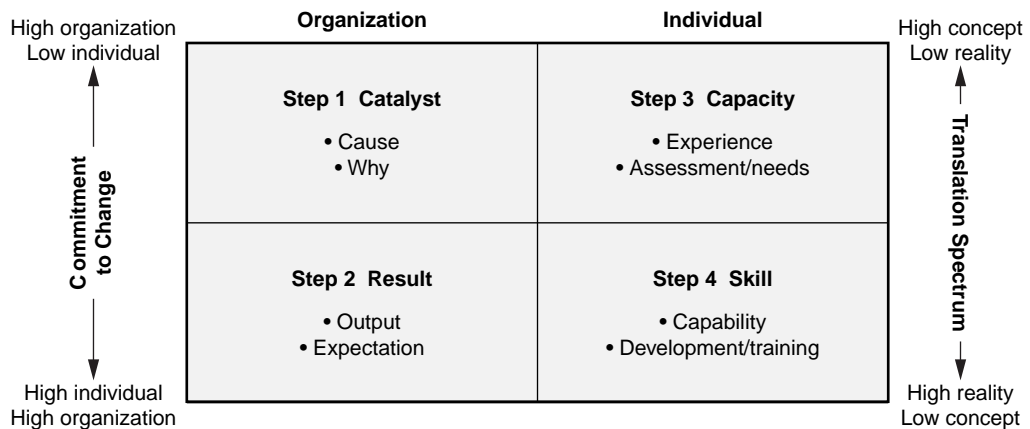
## HOW DO YOU ENGAGE AN ORGANIZATION AND ITS EMPLOYEES TO SUCCESSFULLY SUPPORT A CHANGE EFFORT?

Once you decide which trigger of change you must initiate in your organization, the next step is to engage everyone fully in the change effort. As shown in Figure 1.2, there are steps that the organization and the individual must accomplish to make for a successful change effort.

When a change effort begins, both the organization and the individual employees struggle with the “translation spectrum” shown in Figure 1.2. The translation spectrum introduces stress and anxiety into an organization. This stress and anxiety results from an organization not completely defining what they are trying to achieve with their change effort. If the concept of “what change will accomplish” is not clear and compelling, then the individuals in the organization cannot envision what the end state will be and how they fit into that picture. When individuals cannot picture a future reality that clearly includes them in the big picture, they begin to feel stressed and anxious. Successful change results when an organization helps its employees move seamlessly through the translation spectrum. Concept to reality is easier when the end state is clearly defined rather than one that each individual may interpret incorrectly.

Why don’t people change? Much has been written about the human species’ reluctance to change, even in the face of continued survival concerns. While there is no single, definitive reason, we consistently see several versions of the same few reasons played out in the workplace.

For example, leaders may encounter resistance to necessary and logical changes from their technical professionals, sometimes even from those employees most vocal about and invested in the changes. Contrary to many leaders’ initial impression, this resistance is not necessarily caused by a dislike of the change or its perceived failure to succeed. On the contrary, many technical professionals are often favorably disposed to



**Figure 1.2** Change commitment continuum.

change, since they know it can lead to activities that they covet, such as challenge and variety. Often, resistance stems from our need for completion. For a number of professionals, once committed to a project or course of action, they want (or are driven) to finish it. They may perceive change as disrupting their ability to see projects through from beginning to end. Frustration and eventual job dissatisfaction can occur when a preponderance of projects or initiatives are either significantly modified midstream or terminated prior to conclusion.

Another reason is priority stress, a condition that results from the lack of clear focus on core priorities. Priority stress arises from role ambiguity (“I don’t know what to do”), role conflict (“I have competing and conflicting things to do”), and role overload (“I have too much to do and not enough time to do it”). Some employees respond to competing priorities and resource limitations by reducing the areas in which they are willing to operate. Others slow up their activities and push decision making up to senior management, which often produces the type of decision making that blocks timely and effective resolution of problems and adoption of necessary changes.

A third example refers to the perceived powerlessness to act that employees feel when they believe that three factors exist in their organization: unclear accountabilities, overcontrol, and/or inadequate resources. Unclear accountabilities exist when people in an organization are not clear who has the responsibility for solving problems and implementing solutions, which leads to a chain of events that inevitably consumes leadership time and effort. Overcontrol is when employees believe that there are too many levels of authorization and overly tight controls that inhibit the capacity to act. This may be further compounded by the way in which some managers respond to performance pressures. Some managers feel pressured to show improved performance during times of stress and change, and do so by becoming more controlling, thereby reducing the autonomy and capacity to act of those reporting to them. The third component of powerlessness involves the absence of the resources needed to implement timely and effective solutions.

What are the triggers to decreasing stress, anxiety, and tension in individual employees? There are four primary questions that need to be answered to an individual’s satisfaction before they can even attempt to “give it their all” when faced with change. Two are organization issues and two are individual issues.

All four of these areas need to be addressed to an individual’s satisfaction to ensure that individual will wholeheartedly move with the change. If any one of the areas is perceived as unclear or threatening, as seen from the individual’s perspective, then they will be less likely to move with the change and more likely to drag their feet, work at partial speed or energy, sabotage the change, or simply not participate in the change. The likelihood of successful change decreases further when more than one of the areas are seen as threatening, unclear, or negative.

Organizational imperatives explain the “what” and the “why” of change to an employee. While organizations are improving their ability and consistency in addressing these issues, the individual imperatives that speak to “how” the change will be made are often assumed or overlooked. One only need look to Maslow’s Hierarchy of Needs to understand that the individual’s issues are the root of greater

anxiety and stress, hence, the more common and frequent reasons why change efforts are not successful in organizations.

Consequently, when addressing the capacity for change, we must look to the past experiences of the individuals and the organization. How much change have they experienced? What types of changes have occurred? How have individuals and groups reacted? As a first step toward a proactive stance, management needs to determine how small changes can be built into the daily, weekly, and quarterly regime of individuals and work groups. In many cases, these changes are occurring now, but the capability to handle them rapidly, with an economy of energy, and productively, requires a singular focus be put on what is happening, how people are reacting, and what the expectations are for output.

## HOW DO YOU REALLY ACCELERATE CHANGE?

Individual behavior provides us with four signposts for rapid and successful change. Let us use the change from a written daily schedule book to a PDA device as an example.

Why would someone want to make a change from his or her traditional, comfortable scheduler to an electronic device? Usually, there is a catalytic event that provides the energy or impetus to change. Perhaps the individual lost their schedule book. Or their schedule book has become so bulky and filled with loose scraps of papers and notes that it is difficult to carry. Or they double-booked a time slot or misread a phone number due to their poor handwriting, thereby costing them time and money. Without the pain or anticipated pain of a catalyst, the necessary commitment energy will not be present to drive through the discomfort of change.

Next, the individual forms an image of a better, future state as an antidote, or alternative, to the flawed status quo condition. Their scheduler will weigh only a few ounces and fit into their pocket. They will clearly see when current appointments exist and when there are potential conflicts. All entries will be very legible and highly accessible. There will be a backup schedule available in case of disaster, with rapid and complete recovery of schedule and contact information. Again, without the promise of substantial improvement, the inertial energy required for successful change does not exist.

These first two steps are fairly conceptual in nature. They set the stage for the following two steps by building the urgency, energy, and commitment needed to take personal action and commit individual resources. Successful framing, within these first two steps, is not a guarantee that change will be implemented or successful, but the absence of one or both is a strong predictor of failure or flawed change.

*Capacity* consists of the individual taking stock of their current knowledge and resources and performing a gap analysis between present capacity and the future state. Also, deciding what information or skill or ability is needed to determine a new course of action and ensure that it will be successful. Are there alternatives to a written schedule book? What are they? How much do they cost? What are the start-up costs? What did I do before I used a schedule book? How did I move from the previous device to a

schedule book? What do other people use? Comparing my present state to my ideal future state, what is needed to bridge the gap?

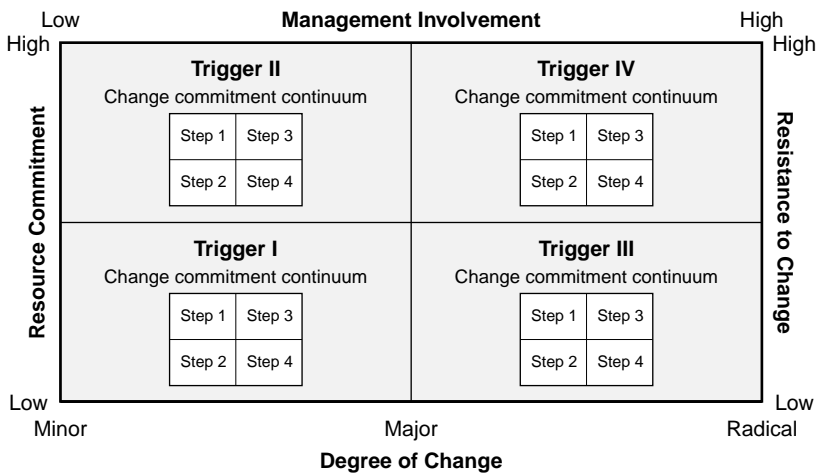
Finally, the individual fills the gaps between status quo and future ideal with skill development, knowledge, practice, training, and application. These are what facilitate the move from flawed status quo to making the future ideal state the new reality. Learning how to use PDA software. Practicing how to write with a stylus. Reading about and implementing a backup plan from their PDA to their personal computer. Using the schedule book and the PDA in tandem until the future state seems real.

The latter two steps are concrete, action oriented, and increasingly labor intensive. The chance for failure, errors, mishaps, recriminations, second guessing, and other various forms of personal pain and discomfort all exist here with higher possibility and probability. Consequently, this is where an individual requires the most support.

Building up a reserve of energy and commitment during the first two stages only carries one so far. These wells are depleted rapidly and can only be revisited sparingly with positive, recharging outcomes. The memory of the pain of the catalyst and the intangible promise of the future fade in light of present discomfort, awkwardness, pain, and energy requirements.

Invoking the catalyst and the future expectation can deliver renewed commitment for a short while. Eventually it is seen as a hollow gesture, which is ignored because it does not alleviate the pain and discomfort that goes hand in hand with learning, skill development, and making mistakes. Finally, it can controvert the change effort by standing as a reminder of the golden past, when expectations were known, results were easily within reach, and expertise was always present.

So, within each of the four triggers of change there is a four-step subset of the change commitment continuum, as shown in Figure 1.3.



**Figure 1.3** Four-step subset of the change commitment continuum.

The first two inquiries frame the change imperative by answering the questions “Why change?” and “Towards what result?” It is primarily the responsibility of the organization to set forth these answers in a clear and compelling manner so that the individuals making the changes have the necessary energy reserves and commitment to move forward with their work. The organization then needs to facilitate, resource, and reward the individuals for engaging in the subsequent two stages, “assessing needs” based on gap analysis of current capacity and future state, then “building capability” to meet that capacity through skill development.

## **HOW DO I BECOME A FIERCE AND FLEXIBLE COMPETITOR?**

Building the capacity for successful change, as opposed to making changes in business and people, is a key differentiator and necessary competency of the fierce and flexible competitor. In the past, business leaders have been reluctant to change the way social and technical systems operate within their businesses. In fact, avoidance of change (“If it ain’t broke, don’t fix it!”) is often a primary business mandate or value in some organizations.

Unfortunately, this approach has historically disabled people and businesses. In fact, it stands as a core differentiator between old line and new age business. Change for change’s sake is exactly what is needed to survive and compete in today’s world. In the September 2000 issue of *Fast Company* magazine, an article by George Anders entitled “Power Partners” discusses the challenges engendered when Wells Fargo, a company with a 100-year history, partnered with Internet start-ups and other new age companies with less than one year of existence. Included in the new rules for “partnerships that prosper” is “Take chances on almost everything.”

In 1966, it took approximately six years to create a consumer product, from the concept in the mind of the inventor to the kitchen table in the house of the consumer. In 1996, the time line had shrunk to 18 months. Now we have seen many dot-com companies go from a concept to a company with three million customers to nothing in less than a few years.

One example of how to operationalize this shorter change and implementation cycle can be seen in an element of the Ford Motor Company’s current management training program. By institutionalizing change it manages to create a separate capacity and ability for change unrelated to its results, which end up succeeding precisely for this reason. Each participant chosen for the management program is required to identify, project plan, and implement a change to a process so that the process is improved. During the tenure of their training class, participants begin the project and apply many of the lessons of the program to their process improvement project. This ingrains in each of them the mind-set, as well as skill set, necessary for seeking change, planning change, being comfortable and educated in the change master role, and ultimately results in the integration of change and change projects into quarterly goals.



## SUMMARY

Building the capability and capacity to change needs to be unbundled from the results of change as well as the need to change. The tools, ability, and desire to change must be viewed as essential to individual success in the same way as is the ability to write, use a PC, or work on a team. Thomas J. Stanley, in his best-selling books, *The Millionaire Next Door*, co-authored with William D. Danko, and *The Millionaire Mind*, has shown an inverse correlation between conventional academic approaches to problems and entrepreneurial success. It turns out that the more risk-averse among us are less likely to become millionaires, and those of us most able to change have the best chance of fiscal success. Successful change follows a very similar pattern.

Organizations must approach change just as the most successful techno-individuals have by constantly reinventing and making many minor changes so they are always positioned for the next wave of change in the marketplace. This way their workforce views change not as a strange phenomenon to resist but as one to embrace and not fear. It is normal to change if one is always doing it. Organizations must constantly be asking themselves “What do we need to change to be a fierce and flexible force in our marketplace?” “How have we changed this week? How must we change next week?” Organizations have to build a workforce that is willing to take risks and try new ways. It is a never-ending cycle of change, change, and more change in today’s techno-world.

## SUGGESTED READING

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