

Managing organizational change

Part one Change in turbulent times



IMAGE BANK

This article is the first in a series dealing with the issues of managing change in organizations. Each article will deal with a specific type of problem and will propose ways of dealing with it. This first article considers the general context in which today's organizations operate and attempts to explain the new conditions that have made change apparently more difficult to cope with and manage in the last 15 years.

BY PIERRE COLLERETTE,
ROBERT SCHNEIDER AND
PAUL LEGRIS

It has become something of a cliché to say that organizations have gone through a lot of changes in recent years. At management training courses or during consultancy assignments that we have been involved in over the last few years, we have often heard people complain about there being too much change, that things are moving too quickly, that everything is being changed without concern for established practice, that things are going in all directions, that there are no guidelines, that management has lost its grip on the changes that it has initiated. These comments all point to a sometimes deep-rooted discontent, even in organizations which used to be known for their vitality and spirit of innovation.

Against the backdrop of this agitation, it should be recognized that

while some companies manage to pull through rather well, there are many that have come across major difficulties.

What is happening? Are the changes that radical? Is the rate of change really out of hand? If one compares the last decade with the 1960's, the 1970's and even early 1980's, what conclusion would emerge? Probably that these periods also featured many changes, sometimes at a very high rate. What is so different today that it gives rise to so much grumbling?

In our opinion, the forces underlying today's changes are significantly different from those that prevailed in previous decades, and many people find this disquieting.

Controlling change

In an article on organizational change, Alain Rondeau (1999) proposes a matrix of the major changes currently affecting organizations. As can be seen from the following table, these transformations are all associated with external pressures. Thus, we have now moved from a situation where the future could be controlled by concentrating on internal forces (Board, management, employees, unions), to a situation where we must deal with many external pressures (new laws, competition from all parts of the world, national and international pressure groups, ever-accelerating technological innovation, collapse of national borders, etc.).

Various sources of major change in the organizational environment

(excerpt from Alain Rondeau, 1999)

<p>Economic sources</p> <ul style="list-style-type: none"> - globalization of the economy - rising competition - shift from a mass economy to a knowledge-based economy 	<p>Technological sources</p> <ul style="list-style-type: none"> - NTIC - data interchange (EDI., etc.) - integrated management systems - ERP (e.g., SAP, PeopleSoft, etc.) - knowledge management (knowledge-based organizations, etc.)
<p>Political sources</p> <ul style="list-style-type: none"> - market deregulation - uncertainty of control structures 	<p>Societal sources</p> <ul style="list-style-type: none"> - labour diversification - decline of traditions and hierarchy - growth of autonomy and of free will in social choices

The pressures for change in the previous decades were to a large extent internal: the members of the organization, employees and management alike, identified things that could be improved and proposed steps to do so. Or, for instance, a company would respond to an increasing demand for its services, or to the emergence of a demand for new services. In either case, the result was the

same, i.e. growth, driven by prospects of prosperity. Members of organizations felt that they were in control of the situation, or at least did not feel that they were being towed along by external pressures.

To simplify a little, one could say that the changes experienced by Western society between 1950 and 1985 had two main features: *continuity* of organizational practice and *improvement* of labour conditions. In fact, change often merely meant doing better what one was already doing. In addition, some of these changes either brought about an improvement in labour conditions, or amounted to an increase in the offer of services to the customers, when they did not involve both. In other words, it was a matter of adding to what already existed, or enriching it.



Growing turmoil

In the 1990's, the issues changed radically. Pressures for change gradually shifted to an external focus and, as a consequence, the members of organizations lost control of change, so to speak – a painful development which had been neither anticipated nor desired.

The overall economic situation sometimes deteriorated, sometimes became unstable, sometimes both, and most States and companies took steps to cut their expenditures and increase their productivity. This resulted in a large number of changes which were perceived, with reason, as constraints or even ordeals. Indeed, people were asked to do the same thing with less resources or even, in many cases, to *do more with less*.

In this quest for efficiency, organizations began to seek various ways of reducing costs while improving quality. People were asked to become more creative, open to change, and to become partners in various experiments aimed at meeting these new challenges. However, introducing operating procedures that were not derived from earlier practice meant asking people to change in a *disruptive* fashion, breaking away radically from what they had known before. In addition, in many cases these changes did nothing to improve the workers' lot, but instead led to more constraining conditions. In other words, the disruption was worsened by *loss*.

This is probably one explanation for the discontent that spread during the last decade.

Unless one has a masochistic streak or is of a particularly adventurous disposition, these conditions are bound to irritate the average human being, especially if they tend to go on forever.

However, this is not enough to explain fully the current context. New technologies have been added to these challenges, as well as natural progress in professional practices with the consequential need for constant updating, which certainly does not help to alleviate the burden.

In such a situation, some will call on the leadership to control the turbulence in order to make life easier

for those affected by change. However, such a demand is beside the point. It assumes that organizational decision-makers are capable of controlling the turbulence – which is another distinctive feature of the period we are going through. Several of *the pressures for change* very simply come from *outside* the organization as such.

One can of course make shattering statements, claiming for instance that everything is the fault of globalization, but that does little to improve our grasp of the problems company-wide. We believe we should be more subtle and recognize that these pressures for change have been emerging over several decades and are associated with a number of global phenomena. Whether it is the price of oil, innovations in the field of communication and telecommunications, broadening access to knowledge, democratization of institutions, ageing of the population, the growing gap between developed and less developed countries –

whatever their source, all of these are external pressures which organizations have to tackle and which force them to react: sometimes to survive and sometimes to fall in step, and sometimes to influence

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the course of things.

In other words, organizations nowadays have to navigate in a setting where *turbulence is regular and sometimes heavy*. Let us take the analogy of the crew of an aeroplane flying through a heavy, unpredicted and seemingly endless storm. The turbulence may fall into a lull at times raising the hope that things will return to normal, but these brief intervals are followed by renewed turbulence. In the present global setting, who can possibly predict when the period of turbulence will end?

Would one ask the pilot of this plane flying in such weather to con-



The forces underlying today's changes are significantly different from those that prevailed in previous decades

About the authors



Pierre Colletterte is a professor and researcher in management at Québec University in Hull (Canada). He has pub-

lished a number of works in the field of organizational change and management structures. Aside from his academic activities, he holds a management position and has been a consultant in many projects in Canada and in Europe.

Department of administrative science.
Québec University in Hull, Hull (Québec),
Canada J8X 3X7.
pierre.colletterte@uqah.quebec.ca



Robert Schneider heads his own consultancy firm, the Centre de recherche et d'intervention en gestion (CRIG).

He has been active for more than 25 years as a management consultant on the subject of strategic planning, change and organization. He is also associate professor at the Québec Ecole nationale d'administration publique (College of public administration), and has published a number of works on organizations.

Centre de recherche et d'intervention en gestion (CRIG)
crig.schneider@sympatico.ca



Paul Legris is an expert in computer science and public administration. He has accumulated more than 20 years'

experience in management positions in the fields of information technology and administration in general. He is particularly interested in the integration of technology into company business processes and is pursuing research in that field.

Québec University in Hull, Office of the Dean, Hull (Québec), Canada J8X 3X7.
paul.legris@uqah.quebec.ca

trol the storm? More likely, one would ask him to take appropriate steps to make it through the turmoil; not only would one understand that he could not possibly maintain the usual comfort in the cabin, but one would easily forgive him for a number of jolts. In our organizations, management often finds itself in the same predicament as the pilot, with the difference that people are far more critical towards them.

Let us be clear: our intention is not to excuse incompetence or condone thoughtless or ill-advised decisions. Our purpose, on the contrary, is to highlight the fact that part of the pressures to which organizations need to react are beyond the grasp of their management. Blaming them for not controlling the situation is aiming at the wrong target, the worst effect of which is to prevent us from understanding what is actually happening and from adopting the proper spirit to weather this chaotic period.

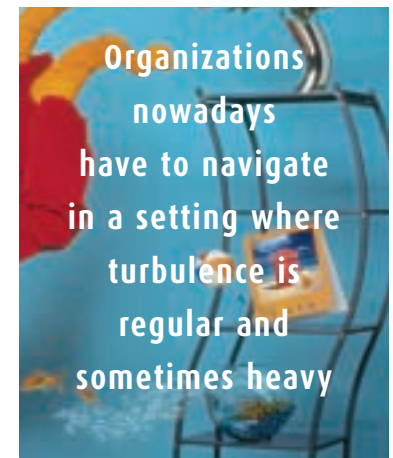
We sincerely believe that we are going through a period of great turbulence, putting us to the test in sev-

eral respects, and of which, unfortunately, one cannot see the end. In fact, in our view, it is a sign that we are going through a true *period of transformation*.

Four new phenomena

Periods of transformation are characterized by a number of specific phenomena. In our present context, beyond the fact that a number of changes are dictated by external pressures, we have noted four phenomena that have a particularly significant impact on company management and on how to deal with organizational change: rupture, fragmentation, concurrence, recurrence.

Rupture. External pressures exert themselves sometimes in directions that necessitate a rupture with the past. It is not enough to do better than one is already doing, one must also do things differently, with different methods with little reference to the past. In mature companies, or in areas of activity where traditions



have set in, such ruptures can often be extremely stressful and one does not always have the necessary drive to set out into the unknown.

Fragmentation. Where to go? One is faced with perspectives that are not only vague, but which seem to point in different directions. There is no single and obvious route; the horizon seems to be fractioned into countless and seemingly irreconcilable options that make decisions at the same time difficult, risky and tense. In its April 2001 issue, the *Harvard Business Review* gave an overview of the range of approaches suggested by organizational change experts in its 2000-2001 issues.

While one expert advocates a step-by-step approach (Eric Abrahamson), another proposes a “revolution”-type approach (Gary Hamel), a third calls for caution in the face of change viewed as a “fashion” (Peter Brabeck), and yet another warns against any change that

goes beyond the company’s absorption capability (Clayton Christensen). All of the options are there at the same time, and would be hard to reconcile. In practice, however, it is sometimes necessary to use several different management styles, and several rates of change and several directions of change may coexist – all of which increases the tendency towards fragmentation.

Part of the pressures to which organizations need to react are beyond the grasp of their management

Concurrence. Each attempt to change means extra work for the people in the organization, together with mental stress in trying to find suitable solutions. For example, one of the authors was engaged in the preparations towards the merger of six municipal administrations. In order to create a new city that would be able to address the challenges of coming years, the civil servants of the old boroughs were invited to cooperate actively in the creation of a new municipal administration. They then found themselves in the particularly difficult situation of having to maintain a high level of service in the existing towns, while devoting many hours to defining innovative practices for the new city and preparing the various mechanisms needed for its proper running.

The new and the old coexist and place significant pressure on those involved. Sometimes it is even worse because two or three changes have to be introduced simultaneously. When one is subjected to several sources of pressure for change at the same time, crisis cannot be far.

With these accumulated pressures all being exerted at the same time, but not all going in the same direction (some may be contradictory), one is apt to lose sense of the way each change is going, and an impression of chaos may set in, together with a feeling that there is not enough time to do things properly. One is driven to do what is most



IMAGE BANK

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urgent, with imperfect solutions, the implementation of which leaves a bitter taste due to lack of preparation or lack of time to remove undesirable effects.

Recurrence. "Phew! We've made it! Now that we've finished with all these novelties, we can relax for a bit..." Well, unfortunately not; tomorrow it starts all over again! Indeed, it is not just a matter of adjusting to a clearly identifiable situation, but of introducing a succession of changes to keep abreast with the continuous flow of pressures. Sometimes, things have to be already changed before we have had time to integrate the previous round of changes. It is like sailing in a storm: the course has to be corrected from one obstacle to the next, with the feeling that one must constantly start anew. One becomes part of a play between successive adjustments

required by pressures that are themselves evolving constantly, making it necessary to start all over, again and again.

A gruelling experience

These four phenomena stand in contrast with the distinctly more favourable conditions that prevailed in previous decades and certainly make the experience of change more difficult for workers and management alike.

Periods of change in an organization are naturally reflected by increased disorder and typically entail three kinds of reactions: increased weariness among those involved, a period of blurred confusion, where there are no bearings, and a more or less pronounced feeling of incompetence. The present state of turbulence tends to amplify these effects and make the organizational balance even more tenuous, not to mention the physical and psychological balance of the affected individuals.

Are we over dramatizing? Perhaps. But on the whole, these findings reflect the situation of many Western organizations, small, medium and large, that we have been following for a number of years. If this strikes a familiar chord with some, let them be reassured; it is not some trick of their mind and they are not alone in this venture.

It should be said, however, that a number of organizations are fortunate enough to be less subject to the current financial pressures and are even experiencing real growth. That said, the overall context, i.e. a relative turbulence with sudden and unpredictable fluctuations, also proves true for these companies and they face similar challenges in terms of continuous adjustment, though to a lesser degree (and all the better for them!).



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How to react?

This kind of situation is new in contemporary company history, and it is still difficult to pinpoint the actions, approaches, mental outlook and competencies that are required to succeed. It is as if it were a matter of improvising on a new theme and, for that, one must seek inspiration from people who have gone through comparable situations.

In addition to drawing on current practice in areas where one must constantly act amidst the turmoil (emergency wards in hospitals, fire and police services), our own experience enables us to draw up a few rules for successfully navigating through zones of turbulence.

One of these rules involves constant monitoring of how things develop, both inside and outside the organization, in order to adjust operations accordingly. It is also particularly important to inform people regularly of the pressures bearing on the organization and to review priorities regularly and keep the staff informed through direct and frequent communication.

Our findings suggest that sustained contact between management and staff is an effective way to counter the negative effects of turbulence; it enables a mutual adjustment at the level of the organization as a whole. In other words, part of the solution is not technical in nature but lies in an intensification of the real-time communication mechanisms. Oddly enough, that is what middle managers expect of top management but tend not to put into practice with their own staff.

In a way, it is a credibility issue for the management team. In times of turmoil, its credibility is stretched thin and must be renewed again and again. As we will see in a forthcoming

article on communication, the fact of openly and regularly explaining the choices made (directions, decisions, priorities,) helps to preserve the precious credibility that will keep everybody in the organization moving together in the same direction.

Another rule consists of having a management approach that addresses two levels of reality at the same time: the fragility of the organization as a whole, and the problems entailed by each of the changes intro-

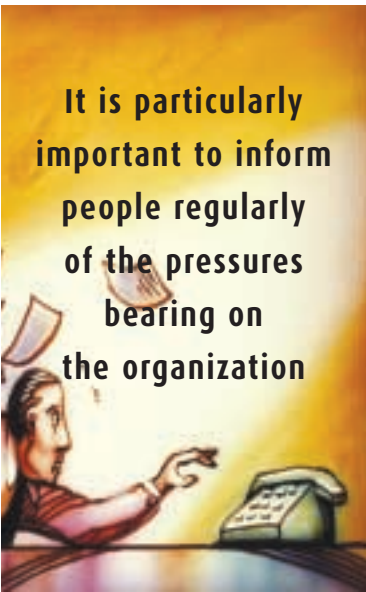
duced. As far as the overall fragility of the organization is concerned, management should be very thorough in its decision-making process and in following up its decisions while endeavouring to communicate the global perspective, for management *alone* has that overall view and the ability to communicate it. Failure to do so will empower the informal leaders to do so, with all the dangers that implies.

Regarding each of the changes under way, management must be very methodical, at the highest level in the organization, and apply constant monitoring. A study by Prosci (www.prosci.com, 1999) suggests that among the causes of failure of many efforts to change, the following two are very frequent: to delegate change to lower management levels; and top management that loses interest in the change too quickly. These results confirm our experience.

Practice dictates a more general rule that goes beyond specific actions: adopt an "organic or adaptive" outlook that assumes that instability is the norm, using particular operating modes: quick decisions, frequent revision of decisions and priorities, frequent adjustment, planning linked with action, constant exchange of information, affirmative decision-making, decision makers close to operations, etc. It is a management

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style closely akin to crisis management, with the difference that top management bases its action on the quality of information and its closeness to operations, rather than on its position of authority.

Top managers must indeed secure the contribution of those who can bring added value to the search for solutions, and ensure that they can maintain the cooperation of all members of the organization. What is needed, therefore, are leaders who know how to associate the right players in analysing problems and finding solutions without involving heavy or bureaucratic mechanisms.

Also needed are leaders who make the effort to explain to people the solutions they have chosen while being bold enough to highlight the significant risk of error, and consequently the need to experiment, to feel the way, to proceed by trial and error! These requirements point to managers capable of imagination, of adapting rapidly, of calling themselves into question, and able to make decisions, but also capable of changing their decisions.

In addition, the management team should spread and cultivate this outlook throughout the company so that all become partners in a concerted and harmonious endeavour. Paul Strebel (1996), with the help of a few examples, suggests that it is a form of social contract that needs to be shared by all players in the organiza-

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Beware, however, for experience in recent years shows that while these “adaptative” stances do actually help to negotiate better change in a state of turbulence, signs of *premature wear* may appear both in the manage-



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ment and among the staff. Chronic fatigue, dwindling creativity or waning enthusiasm are all signs of such premature wear.

What to do then? One of the answers belongs no doubt to the managers who should endeavour to distinguish between essentials and incidentals. Having done that, they must clearly outline the priorities, communicate these properly, and direct the resulting actions with great thoroughness. It is also very worthwhile taking advantage of periods of respite to let people recoup their energy, rather than engaging them in additional changes inspired more by fashion than by real requirements.

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In subsequent articles, we shall return to various specific aspects of dealing with change, and will propose specific measures for each. ■