

## **CHAPTER 18**

### **OUTLINE**

### **WORLD-CLASS FUTURES**

- I. **BECOMING WORLD CLASS** – Managers today want, or should want, their organizations to become world class. Being world-class requires applying the best and latest knowledge and ideas, and having the ability to operate at the highest standards of any place anywhere. World-class companies create high-value products and earn superior profits over the long run.
  - A. Sustainable, Great Futures – Researchers sought to identify the essential characteristics of enduringly great companies. The critical factor discovered is that the great companies have core values, know what they are and what they mean, and live by them-year after year after year.
  - B. The Tyranny of the “Or” – This refers to the belief that things must be either A or B, and cannot be both. Such beliefs – that only one goal but not another can be attained – often are invalid and certainly are constraining – unnecessarily so.
  - C. The Genius of the “And” – In contrast to the “tyranny of the or”, the “genius of the and” is the ability to pursue multiple goals at once.
  
- II. **MANAGING CHANGE**
  - A. Every manager needs a clear understanding of how to manage change effectively. Organizational change is managed effectively when:
    1. The organization is moved from its current state to some planned future state that will exist after the change.
    2. The functioning of the organization in the future state meets expectations; that is, the change works as planned.
    3. The transition is accomplished without excessive cost to the organization
    4. The transition is accomplished without excessive cost to individual organizational members.
  - B. Motivating People to Change – People must be motivated to change. But often they resist changing.
    1. General Reasons for Resistance – Several reasons for resistance arise regardless of the actual content of the change.
      - a. Inertia
      - b. Timing
      - c. Surprise
      - d. Peer Pressure
    2. Change-specific Reasons for Resistance – Other causes of resistance arise from the specific nature of a proposed change. Change-specific reasons for resistance stem from what people perceive as the personal consequences of the change.
      - a. Self-interest – Most people care less about the organization’s best interest than they do about their own best interests.

- b. Misunderstanding – Even when management proposes a change that will benefit everyone, people may resist because they don't fully understand its purpose.
  - c. Different Assessments – Employees receive different – and usually less – information than management receives.
- 3. A General Model for Managing Resistance – Motivating people to change often requires three basic stages: unfreezing, moving to institute the change, and refreezing.
  - a. In the unfreezing stage, management realizes that its current practices are no longer appropriate and the company must break out of (unfreeze) its present mold by doing things differently.
  - b. An important contributor to unfreezing is the recognition of a performance gap, which can be a precipitator of major change. A performance gap is the difference between actual performance and the performance that should or could exist.
  - c. Moving to institute the change begins with establishing a vision of where the company is heading.
  - d. Finally, refreezing means strengthening the new behaviors that support the change.
- 4. Specific Approaches to Enlist Cooperation – Several effective approaches to managing resistance and enlisting cooperation are available.
  - a. Education and Communication – Management should educate people about upcoming changes before they occur. It should communicate not only the nature of the change but its logic.
  - b. Participation and Involvement – It is important to listen to the people who are affected by the change. They should be involved in the change's design and implementation.
  - c. Facilitation and Support – Management should make the change as easy as possible for employees and be supportive of their efforts. Facilitation involves providing the training and other resources people need to carry out the change and perform their jobs under the new circumstances.
  - d. Negotiation and Rewards – Rewards such as bonuses, wages and salaries, recognition, job assignments, and perks can be examined and perhaps restructured to reinforce the direction of the change.
  - e. Manipulation and Cooptation. – As a person becomes involved in the change, he or she may become less resistant to the actions of the coopting group or organization.
  - f. Coercion – Some managers apply punishment or the threat of punishment to those who resist change.
- C. Harmonizing Multiple Changes – Total organization change involves introducing and sustaining multiple policies, practices, and procedures across multiple units and levels. Such change affects the thinking and behavior of everyone in the organization, can enhance the organization's culture and success, and can be sustained over time.
- D. Leading Change – Successful change requires managers to actively lead it. The essential activities of leading change include:

1. A useful start for change leaders is to establish a sense of urgency. This requires examining current realities and pressures in the marketplace and the competitive arena, identifying both crises and opportunities, and being frank and honest about them.
2. To create a guiding coalition means putting together a group with enough power to lead the change. Change efforts fail when a sufficiently powerful coalition is not formed.
3. Developing a vision and strategy. This process involves determining the idealized, expected state of affairs after the change is implemented.
4. Communicating the change vision requires using every possible channel and opportunity to talk up and reinforce the vision and required new behaviors.
5. Empowering broad-based action means getting rid of obstacles to success, including systems and structures that constrain rather than facilitate.
6. Generate short-term wins. Don't wait for the ultimate grand realization of the vision. Plan for and create small victories that indicate to everyone that progress is being made.
7. Make sure you consolidate gains and produce more change. With the well-earned credibility of previous successes, keep changing things in ways that support the vision.
8. Finally, anchor new approaches in the culture. Highlight positive results, communicate the connections between the new behaviors and the improved results, and keep developing new change agents and leaders.

III. **SHAPING THE FUTURE** – Most change is reactive. A better way to change is to be proactive. Reactive change means responding to pressure, after the problem has arisen. It also implies being a follower. Proactive change means anticipating and preparing for an uncertain future. It implies being a leader and creating the future you want.

- A. Exercising Foresight – It is far better to exercise foresight, set an agenda for the future and pursue it with everything you've got.
- B. Learning Continuously – Continuous learning is a vital route to renewable competitive advantage. To learn continuously, your firm (and you!) need (1) a clear, strategic goal to learn new capabilities and (2) a commitment to constant experimentation.
- C. Pursuing Growth – This requires focusing on things such as technology, investment, product development, and creation of new markets.
- D. Seizing Advantage – You need to create advantages. The challenge is not to maintain your position in the current competitive arena, but to create new competitive arenas, transform your industry, and imagine a future that others don't see.
- E. Creating the Future - Companies can try different strategic postures to prepare to compete in an uncertain future.
  1. Adapters take the current industry structure, and its future evolution, as givens. They choose where and how to compete.
  2. In contrast, shapers try to change the structure of their industries, creating a future competitive landscape of their own design.

- F. Shaping Your Own Future – If you are an organizational leader, and your organization operates in traditional ways, your key goal should be to create a revolution, genetically reengineering your company before it becomes a dinosaur of the modern era.
1. Creating the future you want for yourself requires setting high personal standards. Don't settle for mediocrity; don't assume that "good" is necessarily good enough – for yourself or for your employer. Try to avoid companies and industries that are less competitive than the world norm.
  2. Consciously and actively manage your own career. Develop marketable skills, and keep developing more. Make career choices based on personal growth, development, and learning opportunities.
  3. Become indispensable to your organization. Be happy and enthusiastic in your job, and committed to doing great work, but don't be blindly loyal to one company.
  4. Into the Future – Commit to lifelong learning. Lifelong learning includes being willing to seek new challenges and to reflect honestly on successes and failures.