Using a Change Management Process in Implementing RO

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Over the next hour or so we will move through:

a) Introduction to change management

b) So what; I am an RO consultant not a change manager

c) change and linkages to RO

d) Introduction to change models/processes/theories

e) Criticality of people in the change equation

f) Punched equilibrium strategy model

g) A suggested change management model
‘There is nothing more practical than a good theory’
Requisite Organisation development 1950s to 2012

- A General Theory of Bureaucracy (1970s)
- The Glacier Project (1950s)
- Stratified Systems Theory (1980s)
- Theory of Time (1980s)
- Requisite Organisation Theory (1989)
- A Theory Of Life (2000s)
- A Theory Of Information Complexity (2000s)
- Concepts for Space and Time (2000s)
- On-going research

Requisite Organization
The Total Managerial System

Organization Structure
- Role Accountability and Authority
- Managerial Leadership Practices
- Cross-Functional Relationships
- Talent Pool Development
- Individual Capability

Organization Process
- Fair Fair Compensation
- Vertical Layering

People at Work
Examples of change management models

- change strategies of sample organisations: (Dunphy & Stace 1990)
- 7-S model: (Waterman, Peters & Phillips 1980).
- organisational change models: (Nadler, Shaw & Walton 1995)
- eight steps to transforming your organisation: (Kotter 1996)
- enduring skills of change leaders: (Kanter 1999)
- three horizons change model: (Coley 2009)
- organisational hologram design process: (Mackenzie 1991)
- three step change process: (Lewin 1951)
John Paul Kotter is the Konosuke Matsushita Emeritus Professor of Leadership at Harvard Business School.

In *Leading Change* (1996) Kotter argues that companies must change if they are to avoid obsolescence. None have been really successful; many more have failed because they haven’t altered human behaviour. This is the job of the leader.

Rosabeth Moss Kanter holds the Ernest L. Arbuckle Professorship at Harvard Business School, where she specializes in strategy, innovation, and leadership for change.

Her strategic and practical insights have guided leaders of large and small organizations worldwide for over 25 years.

Sirkin (2005) reports that studies show in most organisations, ‘two out of three transformation initiatives fail’. The more things change, the more they stay the same.
Implementing and sustaining change

Engaging and enabling the whole organization

Creating a climate for change

1. Increase Urgency
2. Build the Guiding Team
3. Get the Right Vision
4. Communicate for Buy-in
5. Empower Action
6. Create Short-term Wins
7. Don’t Let Up
8. Make it Stick

<table>
<thead>
<tr>
<th>Step</th>
<th>Area Considered</th>
<th>Specific Areas Evaluated</th>
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</table>
| 1    | Establishing a sense of urgency               | Examining market and competitive realities  
                                              | Identify and discussing crisis, potential crises or major opportunities                  |
| 2    | Forming a powerful guiding coalition          | Assembling a group with enough power to lead the change effort  
                                              | Encouraging the group to work together as a team                                        |
| 3    | Creating a vision                             | Creating a vision to direct the change effort  
                                              | Developing the strategies for achieving that vision                                     |
| 4    | Communicating the vision                      | Using every vehicle possible to communicate the new vision and  
                                              | Teaching new behaviours by the example of the guiding coalition                          |
| 5    | Empowering others to act on the vision        | Getting rid of obstacles to change  
                                              | Changing systems or structures that seriously undermine the vision  
                                              | Encouraging risk taking and non-traditional ideas, activities and actions                |
| 6    | Planning for and creating short term wins     | Planning for visible performance improvements  
                                              | Creating those improvements  
                                              | Recognizing and rewarding employees involved in the improvements                         |
| 7    | Consolidating improvements and producing still more change | Using increased credibility to change systems, structures and policies  
                                              | Reinvigorating the process with new products, themes and change                           |
| 8    | Institutionalising new approaches             | Articulating the connections between the new behaviours and corporate  
                                              | Developing the means to ensure leadership development and succession                     |
Battlefield lessons for the boardroom

Katzenbach argues there are four key elements that leaders should focus on to drive change.

Jon Katzenbach served in the US Navy during the Korean War, but was never in the US Marine Corps like his father. Nevertheless, the US author and cultural change expert still carries the Marines’ simple value statement in his wallet.

Katzenbach, founder and head of the Katzenbach Centre at management consulting firm Booz & Company, spent nine months observing the marine Corp closely to understand how it came to have such a strong culture.

“It’s about how you should focus on a couple of key elements in four areas to get the most out of your organisation early on,”
One: is the critical few elements of culture that most need attention. "Deeply ingrained culture evolves slowly and you have to learn how to make use of the culture that exists rather than trying to bomb it out of existence,” he says.

Second: consider the critical few forces within the organisation that can help you achieve change. This can include front-line “master motivators”. Katzenbach says he has worked with hundreds of organisations to effect cultural change and “master motivators” account for 10-15 per cent of front-line managers. They have little power over pay or promotion but know intuitively how to inspire and motivate people within their particular organisation.

Third: other forces worth tapping into can include “exemplars” – the people already demonstrating the behaviour you want – and people who act as informal network hubs.

Forth: there is leadership behaviour. “A senior leadership group is pretty likely to be fixed in its ways but you need to find a few things they can and will do differently to signal to the rest of the organisation that the change you are hoping for is important. If senior leadership isn’t going to change you aren’t going to get very far.”
Trilogy of understanding an industry/business unit

What everyone can see from the surface

What you may know if you are familiar with a particular industry

Generally unknown to outsiders
The Relationships Among Career Stages, Life Stages, and Performance

- Exploration
- Establishment
- Maintenance
- Decline

Growth?
Maintenance?
Stagnation?
Decline

Performance
High
Low
The Adoption Curve

- Innovators (3-5%)
- Early Adopters (10-15%)
- Early Majority (34%)
- Late Majority (34%)
- Laggards/Nonadopters (5-16%)
<table>
<thead>
<tr>
<th>Levels</th>
<th>Stratum of role</th>
<th>Designation of role</th>
<th>Time span of discretion</th>
<th>Objectives</th>
<th>Outcomes</th>
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<tr>
<td>7</td>
<td>stratum vii</td>
<td>Chief executive officer</td>
<td>20 years to 50 years</td>
<td>New forms of social political and economic institutions</td>
<td>Prosperity</td>
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<tr>
<td>6</td>
<td>stratum vi</td>
<td>Group executive</td>
<td>10 years to 20 years</td>
<td>Vision, building strong national and worldwide presence</td>
<td>Stakeholder value</td>
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<tr>
<td>5</td>
<td>stratum v</td>
<td>Managing director</td>
<td>5 years to 10 years</td>
<td>Direction, purposeful, challenging and maximising assets</td>
<td>ROI</td>
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<tr>
<td>4</td>
<td>stratum vi</td>
<td>General manager</td>
<td>2 years to 5 years</td>
<td>Innovation, change and continuity</td>
<td>Discontinuous change</td>
</tr>
<tr>
<td>3</td>
<td>stratum iii</td>
<td>Manager</td>
<td>1 year to 2 years</td>
<td>Effective work practices, systems and productivity</td>
<td>Breakthrough changes</td>
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<td>2</td>
<td>stratum ii</td>
<td>Superintendent</td>
<td>3 months to 1 year</td>
<td>Effective coordination, collective improvement and efficiency</td>
<td>Increased efficiencies</td>
</tr>
<tr>
<td>1</td>
<td>stratum i</td>
<td>Supervisor</td>
<td>1 day to 3 months</td>
<td>Excellence of task</td>
<td>Continuous improvement</td>
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Hiring, promoting and developing employees who can implement the  
Reinvigorating the process with new products, themes and change                          |
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Developing the means to ensure leadership development and succession                    |
Why Change Interventions Fail

The CEO leaves, moves on, is asked to go.
The economy changes (GFC)
The market for the products drops off
Downsizing
The process falters
New CEO

Key staff leave
Business restructure
Corporate takeover
Change of Government (Australia)
Changing of the guard
And so the list goes on

Who are the first group[s] that get the chop?
FORCE FIELD ANALYSIS – KURT LEWIN

DRIVING FORCES
(Positive forces for change)

PRESENT STATE
or Desired State

RESTRAINING FORCES
(obstacles to change)

www.change-management-coach.com
Mark Cutifani is in the process of taking over after Cynthia Carroll left in October (underperformance).

Anglo Gold is looking for a new CEO.

Andrew McKenzie has taken over from Marcus Kloppers last month (culture change).

Murilo Ferreira is less than two years into the running of Vale.

Sam Walsh replaced Tom Albanese in January (underperformance).

Mick Davis of Xstrata will leave once the merger takeover with Glencore is concluded (Came to a head late May).
Carnegie stressed the point that this ‘was about having an ideal mix of ability and talent to carry out a pilot project’ (Carnegie & Brady 2008).

The project team composition formed the basis for the three preliminary trials undertaken to ensure continuity across sites and minimise process errors.
Outcomes of study objective (vi) stage 1

- Prerequisites for a Kotter/RO organisation change management model arising from the study:
  - CEO as change sponsor
  - Minimise use of external consultants
  - Trial the change process
  - Utilise the next generation of leadership
  - Recurring funding from corporate

Kotters 8 stage change process:

- Stage 1: Leading into a Kotter/RO change management intervention
Strategy and the ‘Punctuated Equilibrium’ Model

Corporations tend to follow a strategic orientation evolving through ‘equilibrium periods’

This equilibrium is “punctuated” by short bursts (triggers) of fundamental change known as ‘revolutionary periods’

1873
Rio Tinto company formed in London. (river Tinto mines in Southern Spain operating since 750 BC)

1972
Carnegie appointed CEO

1972-77
Corporate planning benchmarking re-alignment

1977
Meeting with Elliott Jaques

1979
Preparation of discussion papers

1977-86
Organisational Development & RO implementation

1986-89
CI, QA, TQM & CLASSIC

1989-91
Award restructuring

1992-93
Work on Staff employment systems

1993
Moved to salary staff employment

1994
CRA Purchased 100% of Comalco

1995
Rio Tinto And CRA merged as a dual listed company

1997-03
PEP & Six Sigma/Lean

2007
Purchased Alcan ($44B) & renamed Rio Tinto Alcan

mid 2007/8
Global Financial Crises (GFC)

2008/9
Chinese offer to purchase ownership in Rio Tinto Aluminium Coal and Iron Ore

2008/12
‘Mine of the Future’ Concept initiated

Chinese offer to purchase ownership in Rio Tinto Aluminium Coal and Iron Ore
Persistence

Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent.

Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent.

The slogan “Press On” has solved and always will solve the problems of the human race.

- Calvin Coolidge
‘There is nothing more practical than a good theory’
Recap

This morning we have looked at:

a) Introduction to change management
b) Why do we need to know about it
c) Linkages between change processes and RO
d) Change models/processes/theories
e) Importance of people in the change equation
f) Punched equilibrium strategy model
g) A suggested change management model
References


Lynch, P. 2012/13 MBA Program, LB5205, People in Organisations, unpublished teaching resources, School of Business, JCU Cairns


The End