Organizational Change: A Guide to Bringing Everyone on Board

SPEA Honors Thesis Spring 2014
Indiana University

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Management
April 2014
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Abstract

In order for a company to be truly successful in this day and age, it must be able to gracefully go through change. Change happens in all industries, whether it is technological, structural, process oriented or people centered. From restructurings, process enhancements, mergers, acquisitions and layoffs all companies go through some sort of change quite frequently. Companies must be more efficient in the way they handle change and I believe the heart of the problem is within everyone involved in the organization, from the entry-level positions to the CEO's. By bringing the lowest levels of employment as well as the highest levels on board with various changes, companies can more efficiently and effectively move throughout change.

The most important models to produce change in the workforce include: Kurt Lewin's Change Management Model, Kotter’s 8 Step Change Model and McKinsey’s 7-S Model. These models are similar but have many differences and all have the potential to provide tools for success. I will focus on how to change the attitudes of employees as well as management. Everyone has a different mindset when it comes to change and development, and being able to pinpoint the negative attitudes and change them is key. I will then provide examples from, Kevin Frazier from Raytheon Defense, of companies that have gone through successful changes as well as his experiences with organizational change. After covering models and
employee experiences I will summarize the best strategies for organizational development.

**Personal Introduction**

I am a student in the School of Public and Environmental Affairs studying management. I am also completing a Psychology minor as well as a Business Certificate from the Kelley School of Business. I will be graduating in May 2014 and in order to graduate with the Honors Degree I must complete a thesis. Thesis topics are chosen based on ones interests. Upon completing the thesis I have been working alongside Professor McGarvey who is a professional in Human Resources, Public Management and Organizational Behavior. He graduated from Iowa State in 1958 with a B.S. in Economics before completing his M.P.A. at Indiana University in 1966. He is a retired Federal Manager as well as a retired Career Services Director.

My interests and future job prospects are in management as well as human resources. These interests have led to me to choose the topic of organizational change and development as well as how that affects employees and management. The culture of companies today is constantly changing and in order to keep up with that change, organizations must be motivated to make the change. By developing management as well as the employees within an organization, companies can keep up with ever changing trends in the workplace.
**Topic Introduction**

One may ask, what is the key to successful organizational change? The answer to this question is broadly answered in the fact that there are many ways to help guide an organization through their development. The one aspect of successful companies that is never changing is that they have found a way to bring all employees on board with the changes. This sounds like an easy solution, however it is proven that most companies fail to do this seemingly simple task. In fact according to Silberman, “up to 70% of change initiatives fail” (Silberman). The number of failures could decrease if companies would apply the following tools for success in their various workplaces: Lewin’s Change Management Model, Kotter’s 8-Step Model or McKinsey’s 7-S Model to Change. In a similar study, Xiongwei Song states that, “change management fails from four perspectives; leadership, culture, people issues and quick responses” (Song, 6).

Successful change management may seem impossible when looking at statistics similar to the ones above, but the companies that go through change without fail are typically more prosperous in the end. Organizations refusing to change and grow will eventually fall behind in today’s market. Whether that change has to do with the growth of the organization, changing the status quo or just keeping up with the economy in this day and age, it is important for them to take the
risk of change for success (Richards). The research presented will further explain various models of change to follow, examples of successful companies and the best ways to bring all employees on board.

**Research Methods**

I began my research by first going online to various search engines such as Google and Yahoo Search. I wanted to begin by having a clear understanding of exactly the topic I was addressing and how to convey it as a guide. I then went to the library and found various books regarding change, change management and dealing with change in the workforce. After finding some pertinent information at the library I used the library website where I found Academic Journals that were relevant to my topic. After researching thoroughly I spoke with Kevin Frazier and Dan Almasy who work for Raytheon Defense, for more of a hands on approach. I asked them questions regarding their personal experiences with change management. I also asked them how he was able to change the attitudes of employees in the workforce and what models to change he felt were the most beneficial. Through my interview with Kevin Frazier and my various resources, I was able to collect enough information to provide my guide to change management.

**Definition of Organizational Change**

Similar to other phrases, organizational change or development can have various meanings for different companies. The technical definition of organizational change is: a company or organization going through a transformation.
Organizational change occurs when business strategies or major sections of an organization are altered (Business Dictionary). As stated by MIT, regardless to how organizational change is applied it should always be used in conjunction with “Success Story” or “Experiment” or “Failed Experiment” (“What is Organizational Change?”).

A success story is more likely to occur when all or most employees are 100% up to speed on the changes. The failure can take place due to lack of interest in changing ones practices in the workplace. Although most people will readily change their ways if they see the future benefits, some need more motivation to do so. Many times the most effective way to motivate the workforce is to start at the root of the problem: the attitudes. To be motivated to do something the attitudes of the unwilling persons may need to be altered before selecting the best models to change for the company.

**Changing the Attitudes of Management and Employees**

Oftentimes people tend to resist change for various reasons including but not limited to not wanting to change certain habits, feeling threatened by economic factors, and their personal fear of the unknown. By changing the overall attitudes in the workforce, people are likely to proceed with change more readily. This sounds like an easy task, however management tends to struggle with helping their employees move throughout change.
It is not a secret that communication is key in the workforce, and this holds true for organizational change as well. Management must openly communicate with employees about changes, because often employees can feel that management does not keep an open line of communication. This could lead to resentment from employees due to feeling they have been “left in the dark.” Along with communication it is equally as important to build support and commitment with fellow employees. It is vital that employees feel that changes are implemented fairly and that all members of the workforce are in cooperation with each other. All of these strategies can help management change the attitudes of their employees. After all it is proven that employees’ emotions about work and the way they are treated at work can adversely affect organizational success (Kumar). Employees are the glue to every organization and if they have a positive attitude, the change is going to be that much more successful.

According to Gregory in the article Slideshare, change is most persistent when it is internally motivated, in other words when management has the right attitude to change (Slideshare). Most put more emphasis on changing the employee’s attitudes in order to successfully move through change, however the root of all successful transitions must come from the management. Kotter explains the importance of changing both “employees attitudes and management behavior” (Keller). He goes on to explain the four basic ways to change management behavior in order to promote successful transitions. Of the most important of the four is role
modeling. Management is supposed to be role models for all of the employees but many times are found at the heart of the problem. Many executives may believe they have the skill to be role models but do not actually know what they should change. I believe the best way to fix this self-serving bias is to use some type of 360-degree feedback system. This way management can get a feel for what they need to change attitude-wise in order to help employees (Keller).

Another important realization for management to take hold is the fact that employees tend to have better attitudes in the workforce when they can choose for themselves. In other words, attitudes all around will stay positive when management allows for employees to choose how they feel about the change. This can be hard for executives to do but it can be very effective when dealing with employees. Once management as well as employees attitudes are on board with the transition, it is important to review and choose a model of change to follow.

**Models to Change**

For centuries organizational psychologists have been studying and developing various models to follow when going through a change in the workforce. Described below are the three most commonly used models: Kurt Lewin’s Change Management Model, Kotter’s 8 Step Change Model and Mckinsey’s 7-S Model to Change.

**Lewin’s Change Management Model**
Kurt Lewin was born in the village of Moglino in the Prussian province of Posen in 1890. He graduated from the University of Berlin in 1916 with a Ph.D studying Psychology. After earning his degree he immigrated to the United States in 1933 to focus on social psychological problems. He sought to apply psychology to the problems of society, which led to the development of the M.I.T Research Center for Group Dynamics (Greathouse). His overall goal in his studies was to “reach beyond the mere description of group life and to investigate the conditions and forces which bring about or resist it” (Marrow, 1969). Lewin was also the author of over 80 articles and eight books dealing with issues in psychology. His most well known accomplishment is the “unfreeze, freeze and refreeze” model also known as Lewin’s Change Management Model.

Kurt Lewin explained organizational change as a common thread that runs through all businesses regardless of size, industry and age (Evison). To explain organizational change, Lewin used an analogy of changing the shape of a block of ice similar to the diagram below.
Lewin believed the best way for an organization to go through change was to first, unfreeze or prepare the organization to accept the change. This step involves the break down of existing ways of operating before the organization can come up with a new way to operate. In comparison to the ice model this involves melting the ice to prepare it for a change of shape.

Following the unfreeze stage one must go through the change phase in which the ice must be molded into the new shape that one wants. In other words this is the stage where everyone will begin to “resolve their uncertainty and look for new ways to do things” (Evison). Employees and Management will start to believe the new direction will benefit them as well as the company. During this phase it is important for managers to clearly communicate reasons for change and the steps that must be taken in order to get there (“Phases of Change: Lewin”). It is equally important to realize that every individual takes their own amount of time to come to grips with change.
The final stage of Lewin’s model is the refreeze stage, where the ice must be solidified into its new shape. In other words during the refreeze stage the company, should focus on promoting stability once the changes have been made. People should become comfortable with the changes within the organization and even accept them as the new norm. According to the NHS Leadership Academy the refreeze phase consists of “consolidating the change at a new level and reinforcement through supporting mechanisms, policies, structure and organizational norms” (“Understanding the Three Stages of Change”).

**Kotter’s 8 Step Change Model**

John Kotter was born in 1947 and is an American author and professor. Currently Kotter is the Head of Research at Kotter International, teaching the High Potentials Leadership Program at Harvard Business School. He originally graduated from the Massachusetts Institute of Technology (MIT) in 1968 with a Bachelor of Science in electrical engineering and computer science. He went on to receive his Master of Science from MIT in 1970 and his Doctor of Business Administration in 1972. Shortly after Kotter began teaching at Harvard Business School, where he introduced his eight-step change process in his 1995 book, “Leading Change” (Evison).
As the title suggests there are eight steps to Kotter's eight-step change model. The steps in order include, create urgency, form a powerful coalition, create a vision for change, communicate the vision, empower action, create quick wins, build on the change and anchor the changes in corporate culture. The steps provide a guide on, “how you simply go beyond getting your message across to truly change people's behavior” and how the “heart of change can alter the way organisations and leaders approach change management” (Webster). John Kotter explains the 8-step approach through a diagram similar to the one below:

Kotter believes that in order for an organization to go through a change or series of changes successfully, the company should follow these eight simple steps. The first step creating urgency is essentially the most important step says Kotter, as
he believes that, “for change to be successful, 75 percent of a company’s management needs to “buy into” the change” (Evison). Some ways to create urgency include but are not limited to, examining the market and competitive realities, identifying and discussing crisis, potential crisis, or major opportunities or providing evidence from outside the organization that the change is necessary (Nauheimer). The second step, forming a powerful coalition, involves bringing the right people together to lead the company towards change as well as continuing to create urgency about the change. The third step is to create a vision for change, to do this management should determine the values that are central to the change, create a vision to help direct the change effort and develop strategies for achieving that vision. According to Kotter, step four, communicating the vision is all about, “using every vehicle possible to communicate the new vision and strategies” (Kotter). It is also important during this step to remember to teach new behaviors by example.

The fifth step is to empower action. This step puts emphases on removing all obstacles to change and changing the systems that work against the vision. For example during this stage a company could, build optimism by using inspirational or personal stories from the workforce or reward achievement to various employees (Webster). To be successful in the sixth step, creating short-term wins, a company should, plan for and achieve visible performance improvements and recognize and reward those involved in bringing the improvements to life. Kotter argues that,
“many change projects fail because victory is declared to early,” therefore in the seventh step it is important to always analyze what went right and what needs improving and to continue to set goals building on the momentum to company has achieved (Evison). The seventh step emphasizes building on the change that has occurred and not settling, but realizing more improvements that can be made.

Finally the eighth stage involves anchoring the changes or making them stick. By articulating the connections between the new behaviors and corporate success, Kotter believes the change will stick (Kotter).

**McKinsey 7-S Model**

The McKinsey 7-S Model is different from the other two models to change in that it addresses the role of coordination rather than structure in organizational effectiveness (Bryan). Tom Peters and Robert Waterman created the model in the late 1970’s. Their goal with the Mckinsey model was to show how seven different elements of the company could be aligned together to achieve effectiveness in the workplace. The seven key areas of the model include; structure, strategy, skills, staff, style, systems and shared values. In summary the 7S elements stand for:

- **Strategy:** The definition of key approaches for an organization to achieve its goals.

- **Structure:** The organization of resources within a company into different business groups and teams.
• **Style:** The culture of the organization in terms of leadership and interactions between staff and other stakeholders.

• **Staff:** The type of employees, remuneration packages and how they are attracted and retained.

• **Skills:** Capabilities to complete different activities.

• **Systems:** Business processes and the technical platforms used to support operations

• **Shared Values:** Summarized in a vision and or mission

The model addresses the “critical role of coordination, rather than structure, in and organizational effectiveness” (Bryan). To better visualize how the seven elements work together to provide organizational effectiveness, Peters and Waterman created the following framework:
One can see that the three elements on the top of the diagram, strategy, structure and systems are referred to as the Hard S elements. These are the three elements of the model that are slightly easier to define. Management tends to have a better time influencing the hard elements in the organization. Such examples of hard S elements include strategy statements and organization charts. The bottom four Soft S elements: skills, staff, style and shared values, are more difficult to describe and are influenced by the culture rather than management. As one can see in the diagram above, all seven of the elements are interdependent of one another. Change within one element requires change in the remaining six. (Manktelow).
Waterman and Peters believe the framework is best used in five steps. They first believe it is important to identify the elements of the framework that are not aligning properly. This step also includes recognizing inconsistencies between the relationships of the elements. In the second step the company should determine the optimal organization design. It is important to note that this will be different for all organizations. The third stage is deciding where and what changes should be made. The fourth step involves actually making the changes that are necessary. Peters and Waterman believe this implementation step is the most important stage in the reorganization process. The fifth and final stage is to continuously review the 7S framework. The 7S’s will constantly be changing and it is important to keep up with each element individually (Jurevicius).

**Interview with Kevin Frazier**

Organizational change and development is different at all companies but at one point or another every organization will deal with change. It is important to recognize that every company will use one of the models explained above or a combination of them. I got the chance to talk with Kevin Frazier of Raytheon Defense about development within his company and what techniques helped promote success within Raytheon:

1. What is your background and education?

   He graduated from Purdue University with an electrical engineering degree in 1985 followed by an MBA in 1989 from the University of Indianapolis.
2. What organization do you work for/what is your title?
   “I work for Raytheon Defense as a business development manager, my responsibility is with navy air, and they have programs or systems on board aircraft for system support. I see what I can do to assist them with new techniques and designs to help out their missions.”

3. How long have you worked for Raytheon?
   17 years

4. Where is the company located?
   “On the east side of Indianapolis.”

5. How many employees work there/what is the size of the company?
   “There are 990 at my location, overall Raytheon has about 65,000 employees.”

6. How many levels of management are at Raytheon?
   “There are about three below me and four above me in my sector.”

7. What types of changes has your company gone through in the past few years?
   “Raytheon just underwent a gigantic reorganization, originally there were six business units and now there are four. I received a new president and a new organization chain, basically everyone in my chain changed except for my personal boss. Out of the four business areas there were two that remained relatively the same and two that changed drastically. There were also some job loss due to efficiency, there were 73,000 employees before the shift and now there are only 65,000.”
8. How did the employees react to various changes within the company?

“Normally there is resentment or confusion, the employees here did not see that too much, probably because of the good management. Everyone had to learn how to cope with a new set of leadership and learn how to communicate with new people. Because the environment at Raytheon is diverse it is easier to move through organizational change.”

9. What was the biggest change for you personally?

“The change from doing something I was familiar with for so many years and then going to do something I wasn’t as comfortable with. I felt it wasn’t the best use of my talent. We went from a public company to a private company, which was a huge change because it is all about the bottom line; we worried about the profit loss. We didn’t have the luxury of the government being there for stability anymore.”

10. What motivated workers to go through with the change?

“Excellent leadership and a very good CEO. I think the belief in leadership helped. Also our stock price went from 50 in October to almost 100 recently, seeing that Wall Street trusted the company, motivated people. I think overall just believing that the change was for the better was motivating.

11. What did management do to assist employees to understand and accept the changes?
“They did a good job communicating. It was hard because they were changing positions themselves. Communication is the most important when going through change, rumors will take control if you don’t communicate. They communicated the why, when and how the results were going to be beneficial.

12. Who would you say had the hardest adjustments to make following the changes within the organization?

“The people in the two business areas that changed, from a functional standpoint. Management did their best to immerse some of the already big leaders into the new areas.”

**Interview with Dan Almasy**

I also had the opportunity to talk with a co-worker of Kevin Frazier, Dan Almasy who is the Director of Human Resources at Raytheon. He described the changes as well as their outcomes in a very similar manner as Kevin. He talked in a sense that change management is all about creating the best synergy for the company. Essentially, he means that it is important to mesh all of the best ways of doing things together in order to have the best outcome. He believes that it is important to figure out what the competitive advantage for the company should be as well as the differentiators for the organization. Overall his interview gave me a better idea of what Kevin had previously explained.

**Summary of Interviews**
After speaking with Kevin Frazier and Dan Almasy, they made it clear that in order for organizational development to be a smooth process there must be communication. Frazier stated that beyond communication that the great management played a large role in the successful transition of the company from six business sectors to four. Employees at Raytheon all trusted executives and management that the change was going to be beneficial in the long run. They trusted management because of the open communication that they never lost throughout the whole process. Overall Raytheon was extremely successful in their reorganization and continues to improve every month with the help of models to change, communication and strong leadership.

Conclusion

Organizational change and development is an extremely complex subject that can be a difficult task for many companies. From small organizations to large organizations, they all are going to have to make changes at some point and I believe the best way to conquer the transitions is through strong management, good attitudes and being able to follow a model to change. All three of these aspects are equally important when dealing with the change itself and must be put into place.

Without positive attitudes management will not be able to motivate employees and without motivated employees it is essentially impossible to move through change. Both employees and management must give each other the tools and motivation necessary in order to then follow a model to change and successfully
complete the transition process. From speaking with Kevin it is clear that a
successful company utilizes all of these tools as well as open communication and
continuous improvement. If all of the above suggestions are executed properly the
organizational change will seem like a breeze for everyone involved.

Resources


Frazier, Kevin. Telephone interview. 21 Feb. 2014.

Greathouse, Julie. "Biography."

Jurevicius, Ovidijus. "McKinsey 7s Model."


Webster, Martin. "Successful Change Management — Kotter’s 8-Step Change