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Managing Change

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One of the mantras that we hear today is that change is the only certainty. Further, we are often told that we are living through a period of unprecedented change driven by globalisation, the internet, deregulation and the rate of technological innovation occurring. Previous eras may be able to lay claim to rapid and radical change but there is little doubt that technological advancements mean that we are living through a second industrial revolution (MacIntosh, 2003). Most of the time, most organizations are managing change through the deliberate selection of organizational structures, processes and practices which they hope will produce particular results. This is often called change work (Beech & MacIntosh, 2012) and can emanate from within the organization, be driven by shifts in the external environment or through a combination of both. Change may therefore be optional or unavoidable, rapid or slow, radical or evolutionary.

Some changes are **driven by a regulator** for example, the Telecommunications Act in the United States deregulated the radio broadcast industry in 1996. This regulatory change significantly loosened ownership restrictions by eliminating the national ownership cap. Some firms were then able to expand, driving consolidation in the industry. Clear Channel moved from owning 36 radio stations across the US before the regulatory change to owning 1,225 by 2003 (Prindle, 2003).

In contrast, Amazon has both been driven by and has driven **technological change**. The very existence of the firm relies on high levels of internet usage amongst its customers. Without the rapid technological change which has occurred in the last 20 years, the firm's business model would not be workable, but having achieved profitability, the firm is beginning to invest significant resource in pushing future changes from its own innovations. Currently, Amazon is exploring the permissions required by aviation authorities if it begins to deliver packages to customers via unmanned aerial drones. By using drones, the company believes it may be able to deliver packages directly to the

customer in 30 minutes or less. It is easy to see how this technological change would affect not only Amazon but also other delivery firms such as FedEx, UPS, and Royal Mail.

Some firms approach change as both **rapid and all-encompassing**. Danish hearing aid manufacturer Oticon did precisely this when it introduced the so-called 'spaghetti organization' (see Beech and MacIntosh, 2012 for a detailed case study) and removed almost all vestiges of formal, hierarchical or function-based organization. This new, structureless approach was introduced as they moved to a new office building, and used project teams as a means of organizing. Instead of getting rid of old employees and hiring new ones, the company moved from what it called mono-job to multi-job thinking where everyone was involved in several projects to increase productivity and generate new ideas. The idea of holacracy (Robertson, 2015) is based on a similar, self-managing philosophy.

In contrast, some aspects of organizational change occur in ways which are more **gradual and evolutionary**. When Apple's then CEO Steve Jobs identified potential areas of technological development, the organization's product portfolio expanded slowly from computers to music listening devices (iPod), phones (iPhone), tablet computers (iPad) and the online sale of digital content such as movies, music and apps (iTunes). Now making watches and continuing to innovate, Apple has experienced a series of gradual shifts which cumulate over time to radically reposition the firm as something significantly more than the simple computing business which it had originally been.

The ability to manage change effectively is a crucial skill for managers but as the examples above demonstrate, no one approach will work in all circumstances. The real skill of change management is based on the ability to judge situations, selecting and adapting from prior practices and deploying workable solutions in a manner sensitive to the context in which the change is taking place.

Change agents and change models

Over many years, we have asked senior managers from a range of public, private and third sector organizations to characterise their approach to change. A sample of responses is given below:

Q. What is your approach to managing change ?

A1. Don't ___ about. Bish, bash, bosh. Get in there. Job done (CEO FTSE100 business)

- A2. I don't subscribe to the 'let's just let it happen' school of change. That might happen in a web design set up in San Francisco but, trust me, it doesn't work in Stoke-on-Trent on a wet Monday morning (senior partner in management consultancy firm)
- A3. I think of change in the way that a sheep dog herds sheep. If the dog has to actually bite the sheep there's been a failure somewhere. Change is working best when the very presence of the dog encourages the sheep to move off in a particular direction without any actual contact. It creates a much more fluid sense of how change happens, but it is how I approach it (director, large public organization)

Clearly these individual responses differ from each other. This is likely one part personality and one part context. Figure 6.1 below sets out five dimensions on which to compare change contexts.

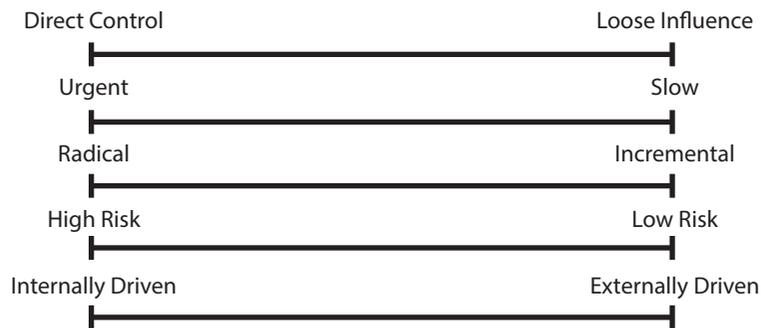


Figure 6.1: Dimensions of change contexts

The first of these dimensions relates to the attitude to control which prevails in either the organization where the change is taking place or the individual responsible for the change process. Some contexts are highly regulated and control is rightly seen as important where safety is a major issue, such as nuclear power plants, healthcare, etc. In contrast, design or other creative industries thrive on the spontaneity of innovative and unexpected ways of working. Some individual change managers have strong preferences for detailed micro-management whilst others prefer a hands-off approach. In combination, contextual factors and individual preferences might produce an approach to change which is more directed and controlling or more loosely structured and enabling.

A second dimension relates to the pace at which change can, should or needs to proceed. In a failing organization there may be significant urgency, whereas a successful setting may afford a longer time horizon to be seen as appropriate. Contrast for example the preparations for a regulatory change which is known many years in advance, such as the introduction of the Euro as a physical cur-

rency in 2002. The earliest sight of the Euro occurred in legislative form over a decade before giving retailers, banks and many other organizations time to prepare for the change. In contrast, other changes occur in a very short time period. The introduction of free email services such as Hotmail in 1996 quickly signalled the demise of paid for email services such as those offered by AoL in the early days of the internet.

A third dimension of change is to consider whether what is proposed represents a modest or incremental adjustment or a more fundamental and radical rethink of the product, service or business model. Incremental changes such as small-scale reorganization of structures or the gradual changes caused by growth are usually described as evolutionary in nature. They do not challenge fundamental assumptions about the nature and type of organization required, but they are nonetheless more than simply the continuation of business as usual. Radical change on the other hand tends to rupture current ways of working and require new structures, new processes, new people, new skills and/or new business models. The advent of web-based provision of financial services meant that many existing providers had to rethink their high street presence. This combined with the global financial crisis has produced a wave of consolidation. When two existing organizations merge, there are often radical change outcomes where lines of reporting, product portfolios and incentive systems are harmonised. The more radical the change, the more likely it is to involve challenges to the existing culture of the organization.

The next dimension on which to compare change contexts relates to the perceived risk attached to it. Some changes represent a small side bet whilst others are wholesale, bet-the-company type changes. An example of a successful high-risk change is the photo-sharing application Instagram. Instagram originally started as Burbn, a relatively popular check-in app that had a number of gaming features alongside its photo-sharing feature. However, the creators were concerned that the app was too cluttered with different features and would never properly excel in its current format. They decided to risk stripping all the features but one: photos. This risky change clearly paid off, Instagram is now the third most downloaded app of all time and was sold to Facebook for \$1bn in 2012 (Nazar, 2014).

The final dimension on which to compare change contexts relates to the starting point for the change. If your competitors have introduced a new product or service which renders your own offering largely redundant, the driver can be said to be external to your own organization. Similarly, if a legislative change forces you to alter your organization in order to comply, this too would be described as emanating from beyond the organization. If however, the change process were instigated by a new management team, or from an