

Strategic Management of Change

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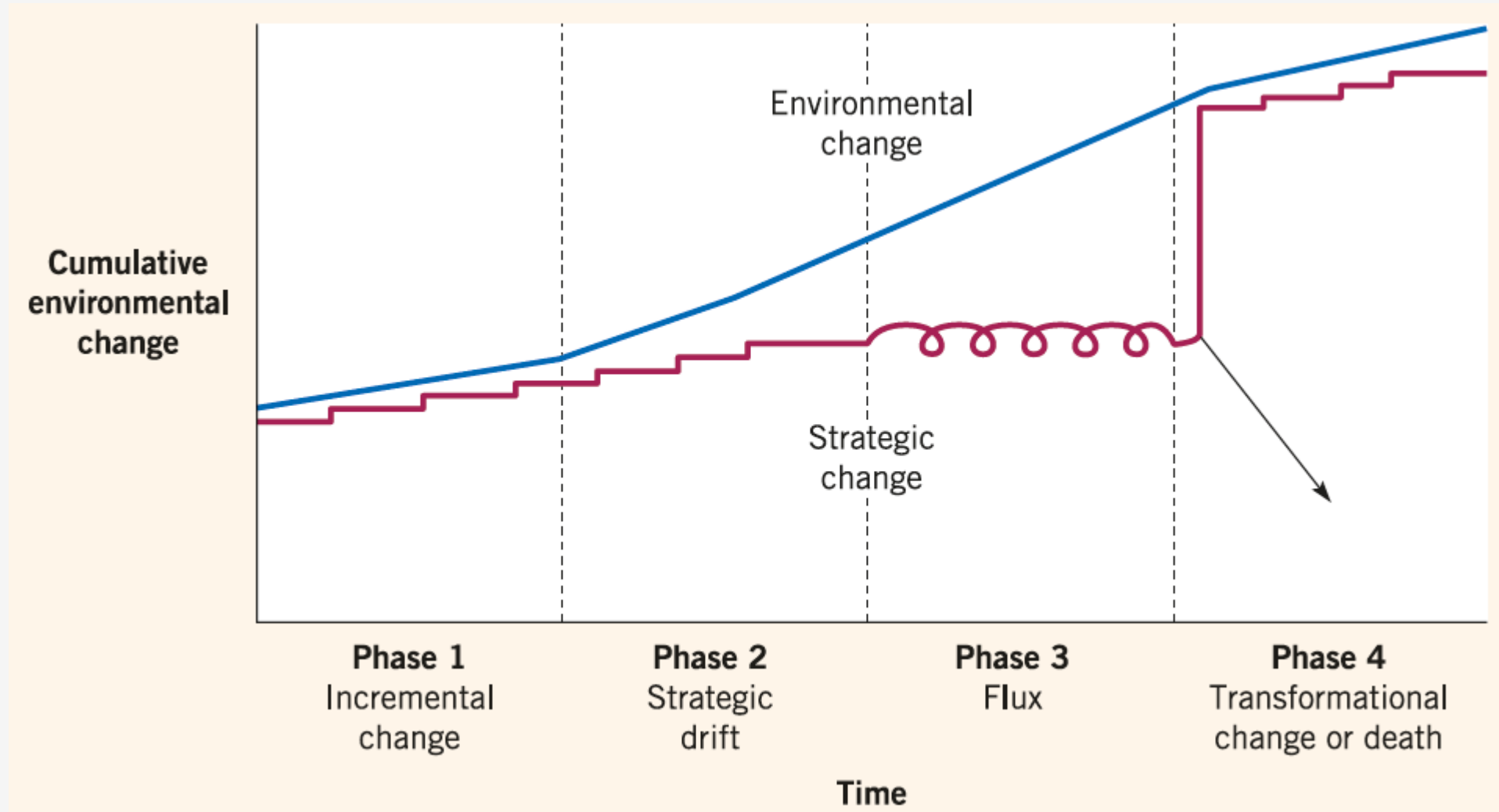
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Chapter 2. Models and types of change

Objectives of the chapter

- Understanding that strategic change implies altering the organizational context.
- Comparing planned change and unplanned change.
- Distinguishing between programmed change, emergent change, and change based on opportunities.
- Discerning types of change based on their nature and the extent of change (the outcome).

Reminder



A Review of the Simplified Model of Change

Strategic change entails the perpetual alteration of an organization's behavioral paradigms.

$$B = f(\text{Personal factors; Organizational context})$$

Examples of individual Factors: Educational level, age, personality.

Examples of organizational Context: Structure, policies, culture.

- Individual Factors: Introducing new ideas or issuing change directives can be challenging.
- Organizational Context: Serves as an optimal driver for change-related interventions.

Individuals exhibit diversity, and organizational contexts vary; thus, change approaches should be tailored to each specific case.

Planned and unplanned change

Sector: Maritime Navigation

European Navigators:

- Prioritizing pre-planning of navigation charts;
- Considering the navigation method and subsequently proceeding with its implementation.

Navigators from the Trukese People (Micronesia):

- They agree on the direction only;
- Navigating and then contemplating the navigation method to reach the intended direction.



Planned and unplanned change

Different models on managing strategic change:

(1) Planned Change Model:

- Stable context.
- Well-engineered organization.

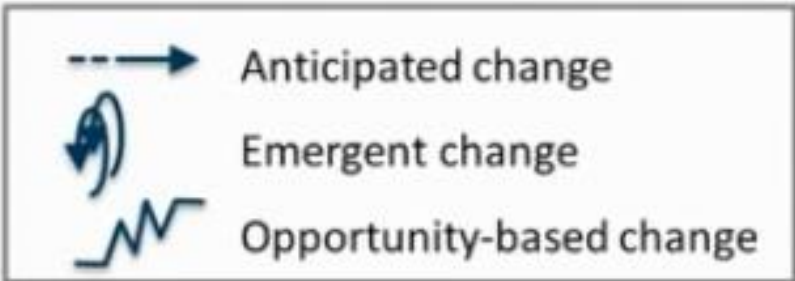
(2) Unplanned Change Model:

- Anticipated change: What the organization expects and desires.
- Emergent change: What unfolds along the way.
- Opportunity-based change: How the organization leverages what is happening.

Planned and unplanned change

Example: The development of a new software system (Zeta),

Implementation of A New Software System (Zeta)



Source graphic: after Orlikowski, W. J., Hofman, D. (1997)

Planned and unplanned change

Why is the planned change the most prominent?

Distortion: Heroic tales that are depicted as stories where managers are aware of the outcome and the steps to reach the end without any mistakes.

Example: Jack Welch, who led General Electric to become one of the most profitable companies, and who authored books presenting himself as a hero.

- This distortion poses a risk because many may believe the model to be as it has been written.
- Instead, Robert Quinn opposed the idealization of planned change in his book "Building the Bridge as You Walk on It," shedding light on many perspectives of unplanned change.

Planned and unplanned change

Why are many changes unplanned?

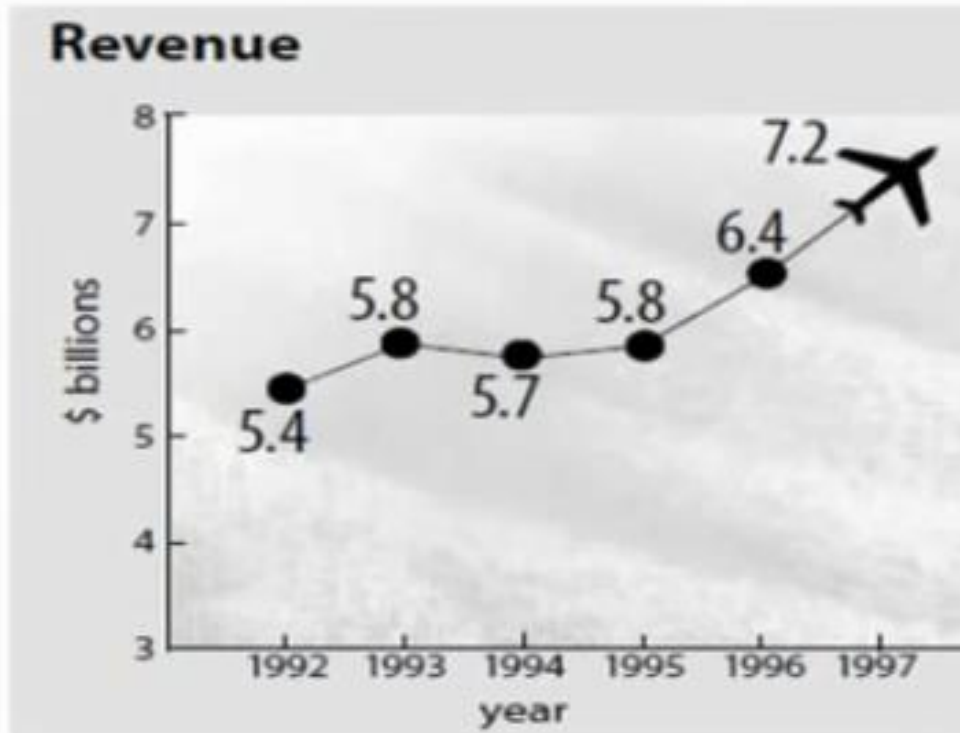
Because execution takes place in contested spaces:

- Incomplete and ambiguous information.
- Interdependence between objectives and actions.
- Variability in inputs, interests, and identities.
- Scarcity of resources and time.

Planned and unplanned change – Case of Continental Airlines

Example: Case of Continental Airlines

Continental: An Improvisational Turnaround



Planned and unplanned change – Case of Continental Airlines

Example: Case of Continental Airlines

Adopting a Thinking-in-Action Approach:

"In reality, you cannot think too much during a transition period. Time is tight, and money is even tighter. If you sit around for beautiful and complex strategies... you are destined to fail."

"We saved Continental because we acted and never looked back... We threw out the protractor immediately and got to work." - Greg Brenneman, President and Chief Executive Officer of Continental Airlines.

Planned and unplanned change – A Case study of military units

What saved the Hungarian military unit?

- The map: It became a symbol that boosted hope and energy in the soldiers' spirits.
- The unit organized itself and established a common strategy for execution.
- The unit began to engage in calculations and thinking instead of succumbing to fear.

Lesson learned: The map bolstered the necessary confidence and courage for learning and problem-solving in the face of unplanned change.

Planned and unplanned change – A Case study of military units

Thinking-in-Action:

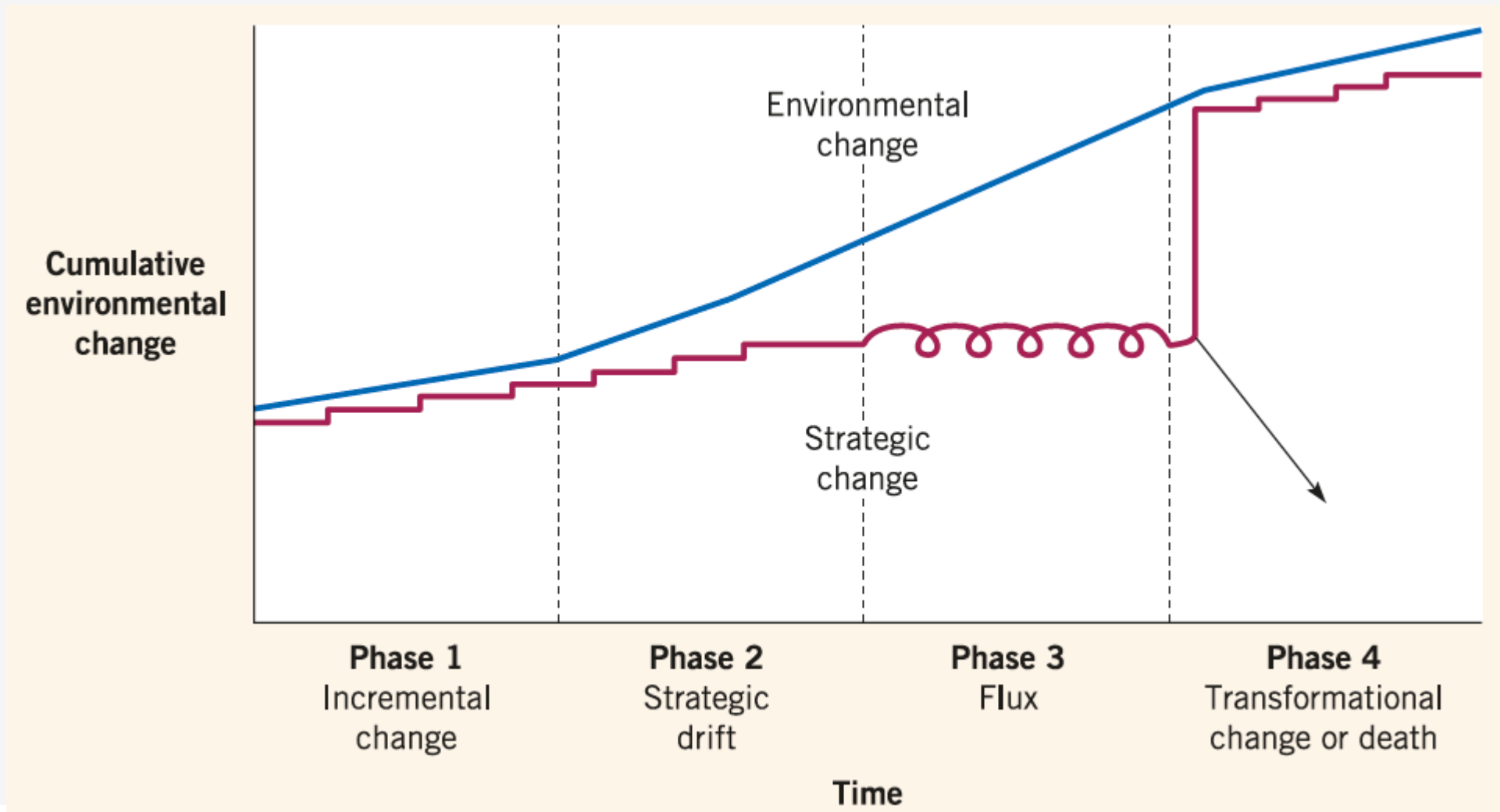
The Case of Military Maneuvers in Switzerland in the 1990s:

- The Hungarian unit becomes disoriented during a snowstorm in the Swiss Alps.
- They believe they are facing imminent death.
- In the end, a member of the unit discovers a map.
- They withstand the snowstorm and find their way back.

Surprise: The mountains on the map turned out to be the Pyrenees, not the Swiss Alps.

Types of Change

Reminder



Types of Change

Types of Change:

Julia Balogun and Veronica Hope-Hailey have distinguished between four types of strategic change, each with its unique management approaches.

According to the nature of the change:

- (1) Incremental Change: The organization gradually evolves, allowing individuals to build skills, routines, and new ideas. This method has a higher likelihood of gaining individual buy-in.
- (2) Radical Change: Sometimes, a radical approach is necessary, especially during a crisis or when the organization needs to make swift changes in its strategic direction. This type of change is characterized by a more disruptive and transformative nature.

Types of Change

According to the extent of change:

(3) It is advisable to consider whether the change can be achieved within the current organizational culture. In this context, change within the framework of strategic realignment is preferred.

(4) Transformation: A transformation in strategic direction necessitates a fundamental shift in the organization's culture. This represents a more profound and extensive type of change, often requiring a complete overhaul of the prevailing culture to align with the new strategic direction.

Types of Change

Types of Change:

		End result (extent)	
		Transformation	Realignment
Nature of change (speed)	Incremental	Evolution	Adaptation
	Big bang	Revolution	Reconstruction (or turnaround)

Source: Adapted from J. Balogun, V. Hope Hailey and S. Gustafsson, *Exploring Strategic Change*, 4th edn, Pearson, 2016, p. 23.

Types of Change

Based on the pivotal axes of the nature and degree of change, we can identify four types of change:

(1) Adaptation: This type of change can be achieved gradually without altering the organizational culture significantly. It often represents a more incremental form of change and is typically observed at the organizational level.

(2) Reconstruction: Reconstruction typically involves rapid change that can result in significant disruptions within the organization. However, it doesn't necessarily require a fundamental transformation of the organization itself.

Types of Change

Based on the pivotal axes of the nature and degree of change, we can identify four types of change:

(3) Revolutionary Change: This type of change demands a rapid and radical transformation of the organizational culture. It represents a profound shift that necessitates a complete overhaul of the existing culture.

(4) Evolution: Evolutionary change requires a gradual shift in the organizational culture. It still entails cultural change but takes place in a more incremental and phased manner.

Summary

- Planned change has its boundaries;
- A turbulent environment demands improvisation;
- Current change is always either programmed, emergent, or opportunistic.
- Change, by its nature, can be incremental or radical. And in terms of its occurrence (the outcome), it may involve either restructuring or transformation.
- Considering the nature and extent of change, there are four types: adaptation, reconstruction, transformation, and revolutionary change