CREATING A SUSTAINABLE APPROACH TO CHANGE:

Building Organizational Change Capacity

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ABSTRACT

Although many organizations are faced with the challenge of adapting to rapidly changing, often unpredictable environments, the underlying conception of the change process remains largely linear and mechanistic. Drawing on three different approaches to change, the paper explores the need for a diagnostic orientation to implementing change and the concomitant challenge of building organizational change capacity. Emphasis is placed on developing a sustainable approach to change based on: 1) *micro-level* (acceptance of different approaches to change; willingness and ability to change); 2) *meso-level* (change facilitative infrastructure, appropriate resources); and 3) *macro-level* (facilitative culture, ongoing strategizing) interventions.

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INTRODUCTION

A basic reality of the 21st century is that organizations and their management are faced with unrelenting demands for change. Companies in literally every industry are increasingly being challenged to both respond to and anticipate continuously changing competitive, market, technological and social conditions to the point where change is described as the "new normal" (Jørgensen, Owen & Neus, 2008). Yet, despite this reality, and a virtual explosion of research and managerial attention devoted to conceptualizing and empirically testing a range of change management practices (cf. Abrahamson, 2000; Beer, Eisenstat & Spector, 1990; de Caluwé & Vermaak, 2002; Higgs & Rowland, 2005; Kerber & Buono, 2005; King & Wright, 2007; Kotter, 1996; Kotter & Cohen, 2002), successful organizational change often remains an elusive quest. In fact, as a recent IBM white paper study suggests, the "change gap" (i.e., the gap between an organization's expectation of change and its history of successfully managing it) has increased significantly over the past few years (see Jørgensen, et al, 2008).

On a general level, managers and other business professionals have become increasingly skilled at reacting to external forces, conceptualizing a preferred future state, and implementing the subsequent "plan" for achieving that well-defined end. In this context, however, change is largely viewed as linear

and mechanistic, as a series of discrete and, at times, traumatic events that need to be controlled to enable the organization to achieve its goals. Given the onslaught of changes that a growing number of organizations now face, however, this carefully planned approach is quickly becoming inadequate as success in rapidly changing environments demands experimentation, improvisation and the ability to cope with unanticipated occurrences and unintended repercussions. In essence, companies increasingly face the challenge of sustaining continuous movement toward a largely unknown, emergent future state.

CREATING A FOUNDATION FOR SUSTAINABLE CHANGE

The literature has a number of discussions of "change readiness," a mental state that typically focuses on the extent to which organizational members recognize the need for a particular change at a specific point in time (e.g., Cawsey & Deszca, 2007; Miles, 1997; Smith, 1996). Given this emphasis, it is important to differentiate such change readiness, i.e., the ability to implement a specific change, from *change capacity* – the ability of an organization to change not just once, but as a normal course of events in response to and in anticipation of external shifts. Change capacity, which in essence is a broader concept, requires a more extensive set of interventions.

Drawing on our observations and consulting experience over the past twenty years, the paper focuses on the challenge of creating a foundation for sustainable change, enhancing an organization's capacity to successfully navigate an array of changes in response to and in anticipation of ever shifting market conditions, customer demands and competitive pressures. As summarized in Table 1, our experience suggests that building organizational change capacity requires focused intervention at the (1) *micro-level* (acceptance of different approaches to change; willingness and ability to change), (2) *meso-level* (change facilitative infrastructure, appropriate resources), and (3) *macro-level* (facilitative culture, ongoing strategizing) of the organization (see Buono & Kerber, 2008; Kerber & Buono, 2007). In essence, building change capacity involves a systemic approach to developing the organization in ways that tap into people's natural capacity to change by supporting change and making it a basic part of organizational life.

Insert Table 1 about Here

Intervening at the Micro-level

An important first step in building organizational change capacity is to understand the nature of change and the various ways in which it can be dealt with. From a conceptual vantage point, there are three interrelated approaches to implementing organizational change: directed change, planned change and guided changing (see Table 2).

Insert Table 2 about Here

Directed change is driven from the top of the organization and relies on authority, persuasion and compliance. Leaders create and announce the change and seek to convince organizational members to accept it based on business necessity, logical arguments (rational persuasion), emotional appeals, and the leader's personal credibility. Directed change reflects a quick, decisive approach to introducing change in an organization.

Planned change, which has become an increasingly popular approach to change management, may arise from any level in the organization but ultimately is sponsored by the top. Change leaders and implementers seek involvement in and commitment to the change by making extensive use of specific actions, identified through research and experience, which mitigate the typical resistance and productivity losses associated with directed change (e.g., Beckhard & Pritchard, 1992; Beer & Nohria, 2000; Kotter, 1996; LaMarsh, 1995). Underlying most planned change efforts is the Lewinian three-stage process of unfreezing, changing, and refreezing: (1) unfreezing or releasing the organization from its current patterns, (2) transitioning the resulting, more malleable, organization from its current patterns to more adaptive ones, and then (3) refreezing the organization into a new set of patterns by weaving them into the fabric of the organization (Lewin, 1951; Weick & Quinn, 1999). Thus, instead of simply creating and

announcing a change, planned change provides a "roadmap" that outlines a project management approach to the change process. It attempts to create the conditions for people to become more involved in the change process, identifying and encouraging key stakeholders to participate in both the form and implementation of the change.

A very different approach to implementing change is *guided changing*, an emergent process that can start at any location within the organization. It is based on the commitment of organizational members and their contributions to the purpose of the organization. In the context of the over-lapping changes that are characteristic of today's hypercompetitive environment, this approach attempts to take full advantage of the expertise and creativity of organizational members, as organic changes emerge and evolve, reconfiguring existing practices and models, and testing new ideas and perspectives. As illustrated in Figure 1, guided changing is an iterative process of initial interpretation and design, implementation and improvisation, learning from the change effort, and then sharing that learning system-wide, leading to ongoing re-interpretation and redesign of the change as needed. The resulting spiral of learning, innovation and development contributes to both continuous improvement of existing change efforts as well as the ability to generate novel changes and solutions.

Insert Figure 1 about Here

As suggested above, each of these approaches has certain advantages but each one has disadvantages as well. For example, when directed change is used inappropriately organizational members are forced to cope with the well-known and expected reactions of the recipients of the imposed change – denial, anger, bargaining, sadness and loss (e.g., Kubler-Ross, 1969; Marks, 2003; Nalbandian, 1985). Similarly, while planned change creates an important capability in today's organizations, used inappropriately it can still result in significant reductions in productivity, overwhelm organizational members with its complexity, and alienate key stakeholders as a result of limited participation and true influence in the process. A related limitation with planned change is a lack of flexibility in the face of changing conditions. As experience has illustrated, planned change efforts often constrain the ability of

the organization to achieve its intended goals (e.g., Abrahamson, 2000; Kerber, 2001). Moreover, the burden for initiating and sustaining the change is still placed directly on organizational leaders, from identifying the need for change and creating a vision of desired outcomes to deciding which changes are ultimately feasible. Finally, our experience suggests that guided changing, if used inappropriately, can contribute to organizational chaos, as continuous changes and transitions confuse and frustrate rather than enlighten organizational members and other key stakeholders. The need to constantly adapt and adjust – the idea of "living in beta" (Wilson, 2008) – can be a daunting experience. A related resource issue is that repeated iterations could easily burn up a fair amount of time and other resources without necessarily "finishing" the process and moving on to the next change. Many people ultimately want organizational change to end, rather than experience changing as a way of doing business that, in essence, never ends.

Acceptance of Different Approaches to Change

Given the reality that each of these approaches has certain advantages and disadvantages, developing true change capacity entails the ability to move back and forth among these change management approaches as dictated by the situation. In earlier work (Kerber & Buono, 2005), we proposed two key factors that influence the appropriateness of each approach to change: business complexity and socio-technical uncertainty.

Business complexity refers to the intricacy of the system, in essence, the number of different components and extent of differentiation in the organization in which the change is to be implemented. While there are no precise demarcation points between low and high business complexity, indicators include such factors as organizational size and geographical dispersion, the nature of interdependencies and related technology, the number of products and services, and the array of critical stakeholders. The degree of business complexity increases the more an organizational change cuts across different hierarchical levels, different work units and different geographic locations; involves reciprocal or team interdependence; affects a range of products and services; and requires the buy-in of a number of internal

and external stakeholders. Thus, the focus is on the relative complexity of implementing the change

solution and what it will take to successfully introduce and sustain the change overtime.

Socio-technical uncertainty refers to the amount and nature of information processing and

decision making required for the change based on the extent to which the tasks involved are determined,

established, and/or exactly known. Some tasks are clearly analyzable, where work processes can be

reduced to repeatable steps. In these instances, organizational members can be directed to follow

objective, standardized procedures based on technical knowledge and managerial expertise. As the change

challenge and its solution become less clear and the correct solution is far more difficult to identify, such

directed or planned approaches begin to break down. In these instances, there is no organizational

repertoire of appropriate techniques or procedures, and organizational members must draw on their own

judgment, intuition, and expertise. While no precise demarcation points appear between low and high

socio-technical uncertainty, situations can be described as varying in the extent to which there are (1)

clearly known ways to approach the situation, (2) an understandable sequence of steps that can be

followed, and (3) an identifiable set of established procedures and practices (see Daft, 2001; Perrow,

1970). In low socio-technical uncertainty situations, the solution to the change challenge is known, while

in high socio-technical uncertainty contexts the solution is not known or even fully understood. When

socio-technical uncertainty is high, the problem itself is not fully described or clearly understood,

meaning that the search for a solution occurs simultaneously with the search for a clear definition of the

problem.

Insert Figure 2 about Here

As illustrated in Figure 2, when thinking about appropriate approaches to implementing

organizational change, the primary driver of the shift from directed change to planned change is

increasing business complexity, while the shift to guided changing is driven by increasing socio-technical

uncertainty. As the dynamics of a particular situation change – and the relative business complexity

and/or socio-technical uncertainty shift – the approach to implementing the change should also evolve. As an example, once an appropriate solution to a guided changing challenge has emerged (in essence, decreasing the socio-technical uncertainty involved), implementation should then shift to either a planned or directed change approach based on the relative business complexity of the situation and urgency of the required change.

Enhancing Change Willingness and Ability

Much like the idea of emergent change itself, it is more effective to have the motivation to seek out different approaches to change come from the organization and its members. While managers may have the ability to undertake such change, many are often not willing to accept nor are comfortable with the idea of ongoing iteration and improvisation. Thus, in getting managers to think more fully about the challenges associated with organizational change, it is typically most effective to begin where they are likely to be most comfortable – by enhancing organizational understanding of how to successfully lead planned change in their specific context. As part of such discussions, managers typically begin to see the need for a more iterative approach to change as they wrestle with problems and issues that are not clearly defined.

In prompting the reasons underlying their frustration, organizational members typically point to situations from their own experience that start with little more than a general direction, *without* a clearly defined end state, because the solution (or outcome) is generally not determined, established or exactly known. As organizational members discuss the nature of the problems they face, they also begin to question the limits of planned change. At this point, it is useful to prompt managers to think about the challenges and skills necessary to "move forward" in dealing with highly complex and uncertain problems – reinforcing the ways in which *business complexity* and *socio-technical uncertainty* shape and influence change management dynamics (see Figure 2).

Moving from directed change to planned change to guided changing – and back and forth as needed – involves significant competence transfer from executives and managers to organizational

members as the latter become, in effect, the new change leaders (see Kerber & Buono, 2005). The transition from directed or planned change to guided changing, in particular, can pose a significant challenge for executives and organizational members, who are both accustomed to having the former lead change. While resistance is clearly related to instances where people feel change is being thrust upon them – especially when that change is associated with loss (Nalbandian, 1 985) – a downside of carefully orchestrated planned change is that it might create an artificial sense of security among organizational members that could limit reflection (Werr, Stjernberg & Docherty, 1997) and, as a result, suppress the type of learning and improvisation necessary for successful guided changing. Organizational members may also be reluctant to accept responsibility for identifying the nature of a required change – there is a certain comfort in having leaders say, "Here is the problem and the solution." At the same time, one of the greatest challenges to the implementation of guided changing may be the unwillingness of upper-level managers to let go of tight management control and embrace a messy, dynamic process that can involve the entire organization (Buono & Kerber, 2008; Kerber, 2001).

In an effort to enhance the willingness and ability of organizational members to embrace change, companies can place greater emphasis on selecting, hiring, evaluating and rewarding people based on their ability to thrive on change. As a way of encouraging innovation and creativity, firms can also create and support highly diverse teams – prompting, listening to and rewarding mavericks and trailblazers, so-called "positive deviants" who "transcend the conventional wisdoms, discovering new and innovative ways to function *without* creating conflict" (Seidman & McCauley, 2008). Finally, as part of an effort to enhance the personal credibility of organizational leaders, it is important that organizations create a climate of trust, honesty and transparency. Persuasive and ethical communication is critical, ensuring both the clarity of the message and the honesty and trustworthiness of managers and executives. If organizational members do not trust the change implementer and his or her message, their acceptance of the change is unlikely.

Intervening at the Meso-level: Building a Change-Supportive Infrastructure

Directed change involves telling people what to do and how to do it, with little or no opportunity for input about or modification of the change goal or process. In such instances, the infrastructure supporting the change and the resources that are required for successful change tend to be minimal. Even so, an important dimension of directed change communication is the ability to respond to the "so that" question – "We are changing X *so that* we will be able to accomplish Y" – making certain that organizational members fully understand the reason, rationale and expected outcome of the change (see Ulrich, Zenger & Smallwood, 1999). Yet, while this approach is effective in low complexity/low uncertainty situations, it can severely limit the development of an organization that is faced with more complex and uncertain changes.

In confronting these latter instances, guided changing involves identifying an overall direction and then giving people the opportunity to modify and re-define both the change goal and the change process as needed. For this approach to be successful there must be open and lavish communication across individuals and groups, with flexible systems and processes to allow for and support improvisation and iteration, cross-boundary meetings to identify and critically assess new opportunities, and responsive and proactive training and development that provides organizational members with the requisite skills for such continual learning and experimentation. It is also important to have a sufficiently fluid structure that allows groups to be easily formed and ended as needed, encouraging an open sharing of information, knowledge and learning across departmental and work unit boundaries. Traditional planning and communication strategies, which typically serve as the basic mechanism for work group-related coordination, fall short of supporting the type of dynamic interactions and adjustments that contribute to the ongoing collaboration required for more iterative processes (see Rico, Sanchez-Manzanares, Gil & Gibson, 2008). The infrastructure should also encourage low-cost experimentation with new ideas. Sometimes referred to as "no-budget knowledge management" (Hardy, 2007), emphasis is placed on carrying out multiple initiatives that simultaneously improvise, test and iterate solutions and new

directions. Once a breakthrough emerges, however, it is important to shelter the effort with its own budget and people.

Within this context, appropriate resources to support the change are critical for such emergent change to be successful. As illustrated in Table 2, in addition to sufficient time, people and financial resources, mindshare is critical. When people feel over-loaded and overwhelmed by organizational tasks and responsibilities, they are often reluctant to engage in the type of experimentation, improvisation and learning that is characteristic of guided changing. As part of this process, it is also useful to designate an "owner" of the goal to develop organizational change capacity, a role that not only serves as change champion but one that can ensure appropriate sponsorship for different initiatives as well. Resources must also be available for continually scanning the environment for new ideas, encouraging contact with external stakeholders (e.g., customers).

Intervening at the Macro-level: Creating a Culture of Change

While organizations typically emphasize stability, predictability and execution, a change-facilitative organization culture is one that embraces fluidity, openness and learning (see Lawler & Worley, 2006; McLagan, 2003). The ability to break free of organizational traditions and move away from familiar rules and operating procedures, of course, is not easy to do. Indeed, the power of custom and the status quo reinforce cultures that forestall the types of adjustments – especially in terms of agility and flexibility – that organizational members need to embrace in unstable environments (see Thompson, 1994). At the same time, a change-facilitative culture recognizes that more traditional approaches to change may still be appropriate in certain circumstances. It is imperative, therefore, that all organizational members become better informed about the advantages and limitations of different approaches to change as well as the broader context for the change itself as they develop a shared framework for thinking and talking about change. In essence, the organization must strive to create a shared purpose supported by a common language about change.

As part of this process, managers at all levels should be encouraged to embrace a stakeholder orientation that emphasizes learning and information sharing, encourages questions and experiments, values alternative viewpoints and tolerates mistakes in the interest of learning. A focus on simply getting things done – and done right the first time – can quickly crowd out the type of reflection and experimentation that is increasingly vital to success in today's rapidly changing, hyper-competitive environment (see Edmondson, 2008).

A related macro-level factor that affects organizational change capacity involves the organization's approach to strategy. In contrast to traditional approaches to strategy, Lawler and Worley (2006) emphasize the importance of making "strategizing" the normal condition. This approach to strategy involves thinking dynamically, focusing on the future, and stringing together a series of momentary advantages, rather than attempting to achieve a sustainable competitive advantage. Although a high change capacity organization certainly requires a shared purpose to provide overall direction, strategies for achieving that shared purpose can change quickly based on scenarios involving future markets, competitors, and opportunities. Combined with the type of change-facilitative organizational culture discussed above, this dynamic approach to strategizing encourages the organization to keep pace with, if not anticipate, external changes that are critical to business success.

It is important that organizations work to create a shared understanding through which organizational members (1) are encouraged to think dynamically and systemically so that strategies can change quickly, (2) are supported in their efforts to think about future markets, competitors, and opportunities, and (3) are prompted to factor future scenarios into today's decisions. In general, an underlying goal is to create and communicate a change friendly identity both internally and externally.

A Case Illustration: Creating a Foundation for Sustainable Change

An example of this approach recently occurred in a client organization, a multi-billion dollar global technology leader (GlobalCom) focused on information infrastructure technologies, services and solutions, that was faced with a long-term, complex problem with uncertain dimensions. During a

workshop in which the different approaches to change (see Table 2) were examined, the senior management team wrestled with how to best implement a large-scale planned change that would revamp the process through which services are delivered to customers. In discussing the business complexity involved in such a massive undertaking, it became increasingly clear that they were also dealing with a higher level of socio-technical uncertainty than initially realized. As they worked through the process, it became more and more apparent that a planned change approach would fall short of what they needed to do, especially in terms of gathering input from their global field-based workforce, assessing local practices and preferred service delivery strategies, evaluating and assessing this information in light of customer needs and workforce expectations, and determining an appropriate cost structure and level of service uniformity. During the discussion, the group re-visited the guided changing spiral (Figure 1), using it to think through how a new service delivery model could be created and better integrated across all of the key areas of the company, with an emphasis on improvisation and shared learning throughout the organization.

As part of their analysis, the senior management team also focused on the need to enhance GlobalCom's overall capacity for change, using the illustrative actions in Table 1 to guide their thinking about how they could begin to solidify an organization-wide commitment to change. A next step was to create a series of webinars on "Mastering Change" that would capture this way of thinking, disseminating it to its world-wide workforce, encouraging middle-managers and the field-based service delivery personnel to explore, test and capture leading practices and share that learning on a system-wide basis. In essence, starting with an understanding and application of planned change, where they initially felt most comfortable, GlobalCom's senior managers began to realize *from their own experience* that planned change, while necessary and effective in many situations, was not sufficient for all situations. At the same time, they realized that as the plan for the new integrated service delivery system was created through this iterative process, once the uncertainties were resolved it would then take a planned change approach to ensure world-wide implementation, with the need to continually re-visit possibilities as their

markets, resources and customer needs continued to evolve. The senior management team also began to realize that the ability of the organization to accept and implement these different approaches to change required appropriate resources, a change-supportive infrastructure, and a culture that emphasized the importance of ongoing strategizing and changing.

A SUSTAINABLE APPROACH TO IMPLEMENTING CHANGE

Organizations and their management are quite capable of creating a sustainable approach to implementing change if they focus the appropriate attention and resources on creating organizational change capacity. As discussed in this paper, this effort requires focused intervention at the micro-, meso- and macro-levels of the organization. Our experience suggests that once organizational members begin to understand the various approaches to change, they are quite capable of determining the appropriate change approach – moving back and forth between directed and planned change and guided changing as necessary – *if* given the opportunity and support. As one moves from directed change to planned change to guided changing, however, managers must be willing to give up control based on rules, procedures and tight supervision and substitute an approach based on overall direction, principles, values and commitment. At the same time, as the socio-technical uncertainty involved in the change is gradually resolved, organizational members must be willing to accept follow-on planned or directed changes as dictated by the business complexity and urgency involved. A shared purpose, supported by a common understanding and language about organizational change, can readily facilitate such transitions.

Unfortunately, organizational members are all too frequently overly constrained by infrastructures and cultures that are based on needs for control and predictability rather than what is required by our rapidly changing environment. Companies and their management, however, can no longer afford to rely on ad hoc approaches to managing change that are controlled from above, in essence creating "self-sabotaging traps" that undermine their ability to effectively bring about needed changes in their organization (cf. Edmondson, 2008; Jørgensen, et al, 2008). The key is to encourage and support managers to broaden their change implementation repertoire by developing a common understanding of

the dynamics of organizational change, building a change-supportive infrastructure, and creating and

nurturing a change-facilitative culture.   Although successful organizational change may seem to be an

elusive quest, the ability to execute change on a sustainable basis is an achievable goal if organizations

invest in developing their change capacity.

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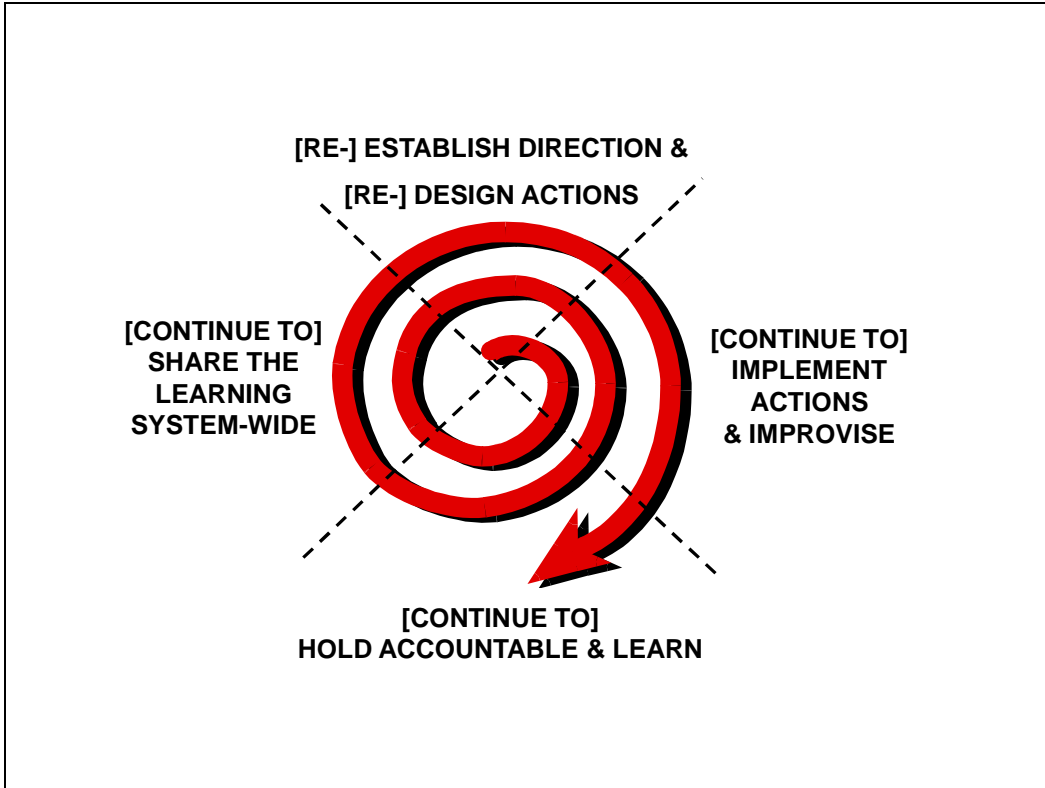
Figure 1 The Guided Changing Spiral

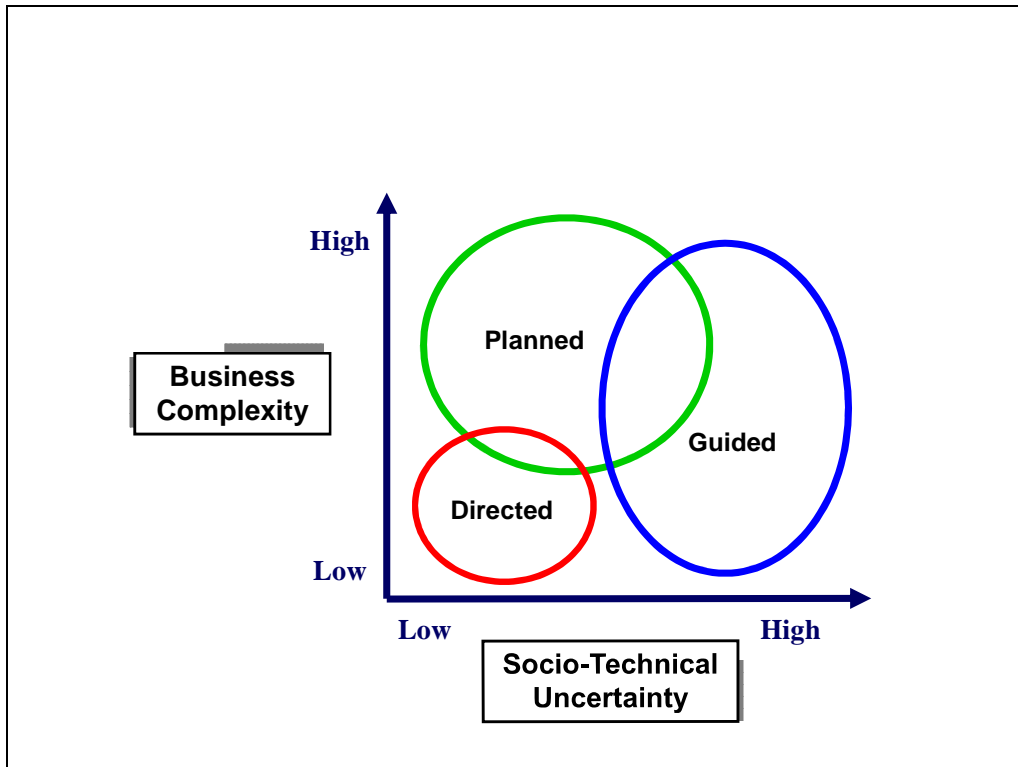*Source:* Adapted from Kerber and Buono (2005)

**Figure 2 Complexity, Uncertainty and Approaches to Change**

Source: Kerber & Buono (2005)

LEVEL	FOCUS	ILLUSTRATIVE ACTIONS
Macro	Creating a change-facilitative culture	• Emphasize learning and information sharing • Encourage questions and experiments • Valuing alternative viewpoints • Tolerance for mistakes in the interest of learning • Stakeholder orientation • Shared purpose with a common language about change
	Ensuring ongoing strategizing	• Creating a shared purpose • Thinking dynamically and systemically so that strategies can change quickly • Examining future markets, competitors, and opportunities • Factoring future scenarios into today's decisions • Stringing together a series of momentary advantages • Creating and communicating a change friendly identity both internally and externally
Meso	Building a change-supportive infrastructure	• Frequent meetings to identify and critically assess opportunities • Encourage low-cost experiments with new ideas • Recognize and reward those who support, encourage, lead and share learning about change • Creation of a fluid structure that allows the easy formation of new groups • Creation of systems to share knowledge, information and learning across boundaries • Responsive and proactive training and education
	Providing appropriate resources	• Designate an owner of the goal to develop change capacity • Devote resources to continually scanning the environment for new ideas • Encourage external contact with stakeholders, especially with customers • Appoint committed change sponsors for specific initiatives • Target key change initiatives with enough resources to get public successes • Shelter breakthroughs with their own budgets and people
Micro	Developing an acceptance of different change approaches	• Adopt a common, enterprise-wide framework for thinking and talking about change • Develop widespread knowledge about different approaches to change and when each is appropriate • Develop deep expertise about change in the organization

| | | • Provide change coaching and consulting services
• Establish change agent networks to share best practices, tools and insights about changing
• Debrief change initiatives with a focus on learning from experience |
| | Enhancing willingness and ability to change | • Select, hire, evaluate and reward people based on their ability to thrive on change
• Form diverse teams to encourage innovation and creativity
• Develop, reward and promote supervisors and managers who enable change
• Enhance the personal credibility of organizational leaders
• Listen to, encourage, and reward mavericks and trailblazers
• Create a climate of trust, honesty, and transparency |

Table 1 Building Change Capacity

Source: Adapted from Buono & Kerber (2008)
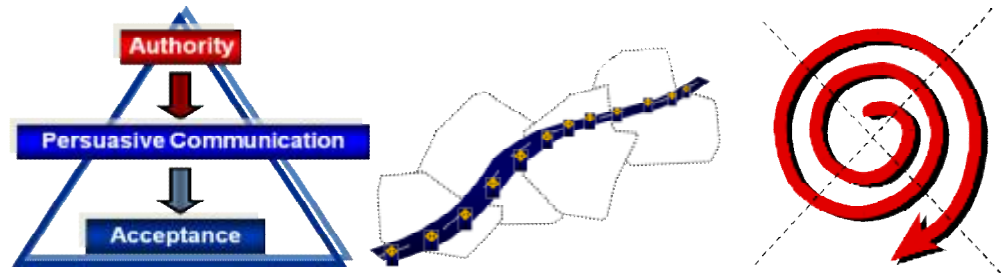
DIMENSIONS	DIRECTED CHANGE	PLANNED CHANGE	GUIDED CHANGING
Character	Top-down, hierarchical	Linear, "road map"	Iterative spiral
Change Goals (Ends)	Tightly defined, unchanging goal	Clear goal, with some modification as needed	Loosely defined direction
Change Process (Means)	Tightly constrained	Flexible, participative	Experimental, improvisation
Change Leadership (Role)	Tell, order, command	Devise a plan to accomplish the goal	Point the way, guide and watch over, instruct
Changemaker Dynamics	Persuasion	Influence, cooperation	Collaboration
Pace of Change	Urgent, fast, "just do it"	Go slow during planning to go fast during implementation	Act quickly, improvise, learn, react and continue to iterate

Table 2 Differentiating Approaches to Managing Change

Adapted from Buono & Kerber (2008)