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By Elspeth J. Murray and Peter R. Richardson

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Fast Forward: A new framework for rapid organizational change

Organizations don't necessarily need five or ten years to change. In fact, as these authors discovered, speed, focus and unstoppable momentum can make organizational change succeed – and last. They also discovered, and discuss below, that there are ten winning conditions that must be in place to make organizational change work.

By Elspeth J. Murray and Peter R. Richardson

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“Cultural change takes a long time, 3 to 5 years at a minimum.”

“Don't challenge people with radical change. Take an incremental approach and give them time to adjust.”

The statements above are typical of the conventional wisdom on the pace and style of organizational change. But like some conventional wisdom, these statements are wrong, and this case, dangerously wrong. In fact, if organizational change is to be successful, it must happen rapidly and it must create momentum. The trouble is, most organizations don't know how to effect and manage change properly.

Just why is it that a few organizations can consistently make major changes rapidly and successfully, yet many others have limited, if any, success? To understand what separates winners from losers, we undertook a five-year study of 30 organizations. During this time, we developed and tested a model of organizational change

that addresses three key questions:

- What activities lead to successful organizational change?
- In what sequence do these activities need to occur?
- What are the best ways to undertake these activities?

Our findings have led us to identify *ten conditions* that are necessary for rapid change to be successful. The first three create guidance for a change initiative, the next three generate and maintain *speed*, and the remaining four provide *critical mass*. Together, these *winning conditions* create the momentum required for success. We discuss these winning conditions, and the requirements to put them into place, in this article.

The challenge of rapid change

Some organizations can initiate and implement significant change only when a crisis occurs. In many others, where there is no crisis, change usually happens slowly, if at all, particularly if it is significant change such as a cultural transformation or perhaps a new business model. Most executives we met believe that significant change takes a long time, perhaps five years or a decade, if it happens at all. Many have been led to believe that radical changes are bad, and that slow, incremental change, allowing employees time to adjust, is preferable. Yet, for the most part, these executives reported that they are highly frustrated with their change initiatives.

How to make major organizational change happen quickly, without a crisis, and make it last, are challenges that have bedeviled managers for decades. In fact, these challenges remain some of the most important and difficult tasks that face leaders and managers in any kind of organization – public, private, or not-for-profit. In

our research and work with organizations over the last 5 years, we have identified a dramatically different and more successful approach than the one preferred by most executives. This approach stresses focus, speed and unstoppable momentum, and is capable of producing significant, lasting change, without a crisis.

In his groundbreaking book, *New Directions for Organization Theory* (Oxford University Press, New York, 1997), Jeffrey Pfeffer identified one of the major challenges facing organizations as the elimination of inertia, which he defined as an inability to change as fast as the environment. We know that many companies appear unable to do so, and are increasingly challenged by the task of implementing organizational change. Why is this so? Our work has yielded a common set of reasons, as summarized below:

- Organizations implement “shallow” changes which do not address the real causes of poor performance
- Executives fail to maintain and consolidate crisis-driven change
- Too many changes occur at one time
- Inadequate resources are allocated to major initiatives
- Poor rates of progress lead to frustration and a loss of momentum
- Insufficient personal time is devoted to leading strategic initiatives
- Senior executives fail to provide appropriate leadership behavior patterns.

Our work with rank and file employees where major change initiatives have been unsuccessful echoes many of the concerns expressed by executives:

- Lack of information about the expectations for the roles and responsibilities that will change
- Failure to deal with saboteurs or non-performers
- Lack of positive reinforcement for employees committed to the change initiatives
- Poor communication about progress – are our efforts all in vain?
- Failure to remove organizational barriers such as structural constraints
- Perceived lack of commitment by the executive team, or a failure to ‘walk the talk’

The importance of escape velocity

Over the years, working in our ‘living laboratories’ with numerous CEOs and senior managers in variety of industries and firm sizes, we were struck by the fact that these individual failings, taken together, add up to a much more critical problem, the of lack of momentum. For in addition to sustaining forward movement, momentum must also act to tear down organizational barriers. As cases in point, consider the following three typical quotes from people we have interviewed:

The CEO of a major telecommunications provider observed:

“No matter how hard we try, it seems to me that with many significant opportunities, where I thought we had alignment, we obviously didn’t. Promised commitments never materialized, and agreed to high-priority projects were starved of necessary resources. We’re still finalizing the design specs and we find out that one of our smaller, nimbler competitors is actually getting ready to go to market.”

An entrepreneurial division manager in a major packaged goods company complained:

“We’re stuck in the Stone Age. Halfway through the year, one of my brand managers comes up with a great new product idea, and we’re told to stick it in next year’s budget. It’s the 21st century and my company has yet to realize that great ideas don’t coincide with budget cycles.”

Another theme that we heard countless times in many different ways was neatly represented by this cry from the heart:

“We don’t make the tough calls. We try to accomplish far too much, spread our resources way too thin, and then we wonder why everything moves forward at a snail’s pace.”

A failure to develop its own internal source of energy is devastating for any change initiative. All too often, big initiatives fail to reach “escape velocity” and eventually die a slow, lingering death, often destroying

careers and hard-earned reputations in the process. Even if they eventually succeed, they do so at a cost that is disproportionate to whatever benefits are realized.

Understanding why change efforts fail is interesting but not terribly useful. It is far more interesting to understand why change efforts, those that achieve escape velocity, overcome organizational inertia and succeed. While there has been a great deal of study on why change programs do, in fact, work, there has been relatively little work done to help understand the effects that pace and sequencing have on change success. As Andrew Pettigrew concluded, “Until very recently, scholars of innovation and change have been curiously uncurious about the pace and sequencing of change.” (Linking Change Processes to Outcomes, in Michael Beer and Nitin Nohria, *Breaking the Code of Change*, Harvard Business School Press, Cambridge, Mass., 2000

In our research we have been **very** curious about the effects of both pace and sequencing on the success of change programs. The specific questions we set out to answer are:

- What activities lead to success?
- In what sequence do these activities need occur?
- When specifically do these activities matter most in the overall change program?

In our five-year study, we worked with, observed and collected data from the executive teams, senior management ranks, and rank-and-file employees, as they planned for and implemented a variety of major change programs – from acquisition integration to turnaround to major cultural change. Through this research program, we developed, refined and tested a model of organizational change that incorporates both sequencing and timing. We further validated the model through a series of interviews with 20 Fortune 500 CEOs who have implemented significant organizational change rapidly and successfully.

The winning conditions for change

When we starting to review what is known about why change programs work, the first and most obvious

conclusion was that success was linked to the elimination of organizational inertia. Physics 101 teaches us that organizational inertia is overcome only by generating sufficient momentum to overcome the natural inclination to stay at rest. Physics 101 further teaches us that momentum is the product of velocity and mass. And finally, from physics we know that velocity is speed with a specific direction or vector. Thus, in terms of today’s fast paced business environment, successful change occurs when sufficient speed and mass are generated quickly enough so that enough momentum is created to move the organization quickly, from its state of rest – the status quo – in the desired direction. With these basic laws of motion as the theories underpinning our equation for success, we set out to identify those activities that are focused on generating sufficient speed, those that are primarily concerned with developing critical mass, and to identify which of those activities needed to happen and when.

We discovered that it was not so much *what* people did that led to success, but rather the fact that certain conditions were established during the change process. We called these conditions the *winning conditions*. By chance, and not by design, there are ten winning conditions:

1. Correct diagnosis of the change challenge – its nature, depth, breadth and the forces at play.
2. Early establishment of a shared understanding of the change challenge among the leadership team – a sense of vision, success measures, key programs and projects, and of the change process itself.
3. Multiple and ongoing opportunities to enrich this shared understanding – frequent progress reviews and action plan updates.
4. A sense of urgency – emphasizing speed when building an awareness and understanding of the need for change, without a crisis, and insisting on early tangible deliverables.
5. A limited and focused agenda for change – identifying 2, 3 or 4 major priorities, at a maximum, and driving them hard and fast.
6. Rapid, strategic decision-making and resource deployment – essential to build both speed and, subsequently, momentum.
7. A human flywheel of commitment – engaging the early adopters very rapidly, and bringing

- along the ‘fence-sitters’ in a timely manner.
8. Identifying the sources of resistance and dealing with them ruthlessly – eliminating the ‘drag’ in the process that can prevent the build up of momentum, and waste valuable executive time.
 9. Effective follow-through on changing key organizational enablers – ensuring that structure, communications, performance evaluation and recognition/reward are aligned with the new direction.
 10. Demonstrating strong and consistent leadership – appropriate behaviours that provide tangible, early evidence of true commitment to the change process and the relentless pursuit of the new direction.

The first 100 days

Specifically, we wanted to understand when the winning conditions mattered most and why? In what sequence do these winning conditions need to be established? The first three create what we refer to as an intelligent direction or guidance for the change program. The next three are primarily concerned with generating and maintaining speed. The remaining four provide the critical mass. Taken together, these 3 sets of winning conditions lead to the unstoppable momentum that is required for successful organizational change.

In addition to understanding why the *winning conditions* matter, we wanted to find out when they were most critical in the overall change timetable. In words echoed by several of the CEOs we studied, we found that, “It is largely in the first 100 days that the game is won or lost.” As Craig Conway of Peoplesoft noted, “The stakes are higher now. There is a dimension of speed, too. Not only are there fewer survivors, the difference between winning and losing can happen in a very short window of time. Companies that were regarded as the hottest plays in high technology three to 24 months ago could be downsizing or in reorganization or bankruptcy today.”

We also concluded that the first 100 days were critical to success. Just as the American public and the media watch what every new president plans for and executes in the first 100 days in office, so too do employees in

organizations. The “show me” phenomenon prevails, with a very short window of opportunity to do so. Furthermore, we found that the first 100 days are critical to the establishment of sufficient speed in the process – getting up a head of steam if you will. To borrow from the space ship analogy, successful launches result from proper fuel ignition, enough force generated to achieve lift off and sufficient acceleration – ever increasing speed - to provide a good shot at breaking out of the earth’s gravitational force.

Consider Cisco’s approach to acquisitions. The company aims to have the products of the acquired company integrated into its own product line as soon as the deal is closed. A pre-determined integration team, often headed by an employee of the acquired company, swings into action immediately. The new employees are made to feel as though they are Cisco employees as fast as possible, often with enhanced benefits. Major systems integration projects are completed within the first 100 days. Little wonder that Cisco is relatively more successful than its competitors at deriving value from its acquisitions.

The second 100 days

The second 100 days are important in terms of consolidating the progress made during the initial 100 days. This is the critical period during which momentum is building. Along with increasing the mass of resources now in place around the initiative, the accelerating speed is building momentum to the point where it cannot be stopped. By the end of the second hundred days, tangible results should be starting to flow.

Take, for example, Acklands Grainger, an industrial distributor we studied extensively, and that undertook a significant repositioning enabled by a major change in its culture. By the end of the second hundred days, several major steps had been taken. First, over five hundred of the company’s employees had been through one-day sessions in which they had reviewed the new strategy, had an opportunity to ask questions of Doug Harrison, the CEO and his executive team, and consider the implications for their own operations. Almost to a person, they expressed enthusiasm for the new approach. However, there was still a palpable sense of ‘Is this all talk, or are things really going to change?’ across the company. Even at this point, Harrison could report that

the company's growth rate had risen to nearly 20 percent on an annualized basis. However, recognizing the understandable skepticism in the organization, the strategy team made a commitment to deliver five things by the end of the first 200 days. The five would demonstrate to all employees that things were changing. Although their delivery was not perfect, these initiatives, each a first step in one of the organization's five key initiatives, accelerated the momentum that was being created and felt throughout the organization.

Successful Change: Establishing and maintaining the winning conditions

Many organizations treat change as a part-time undertaking, something to be taken care of after the 'day-job' is done. Our research has shown that this mentality almost inevitably leads to slow progress, a lack of momentum and ultimately, failure. Organizational change follows the laws of motion, requiring mass, speed and momentum if it is to be effective. Our paper has presented what we believe are the requirements for establishing these *winning conditions* for change. The deeper the level of change that is desired, the more important it is that executives recognize the critical importance of the first 100 days in creating speed, and the second 100 days in building momentum. As usual, there is no one silver bullet, no simple formula that will bring about success in this situation. Rather, executives have to establish a set of *winning conditions* that create the context for the successful execution of rapid organizational change. **I**