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Course Name: Managing Change in Organizations

Faculty Name: KBL Srivastava

Department: humanities and Social Sciences

Indian Institute of Technology Kharagpur

Topic: Developing a Change Plan

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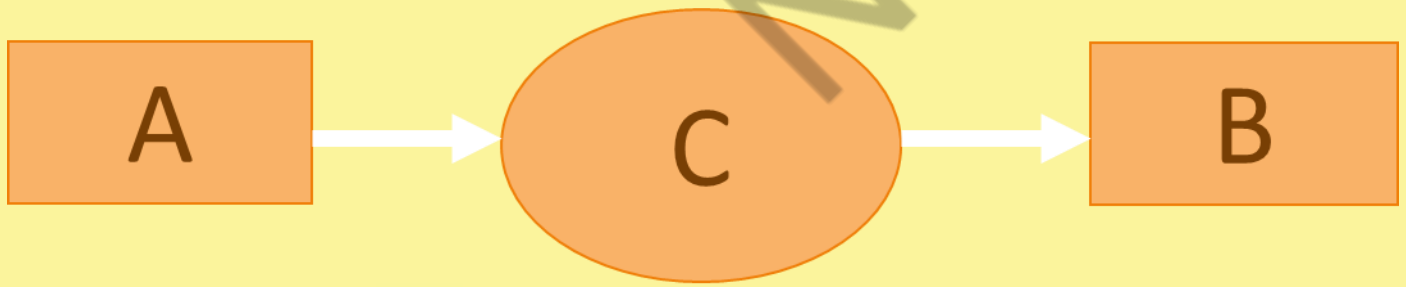
Managing the implementation phase

- Change can disrupt normal work practices and undermine the existing system.
- In order to move from A to a more desirable state B it is often necessary to move through a transition stage C where people have to keep the old system operating while developing the new one.



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Navigating the transition stage

A common problem in this transition stage is that people give more attention to ‘keeping the show on the road’ and maintaining operations

and

Less attention to planning and implementing the change.

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Plans need to attend to key points

Appoint a transition manager

Identify what needs to be done

Develop an implementation plan

Use multiple and consistent leverage points

Schedule activities

Provide needed resources

Reward transition behaviours

Develop feedback mechanisms

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1. Appoint a transition manager

The change manager might be:
The person in charge of the pre-change state
The person who will be in charge of the post-change state
A temporary change manager (a project manager or an external 'expert').

The change manager requires:

Sufficient power to ensure resources are allocated as required (rather than being concentrated on maintaining current operations)

Respect of both existing operations leadership and those working to develop the new system/state

Ability to win support and commitment rather than provoke resistance and compliance

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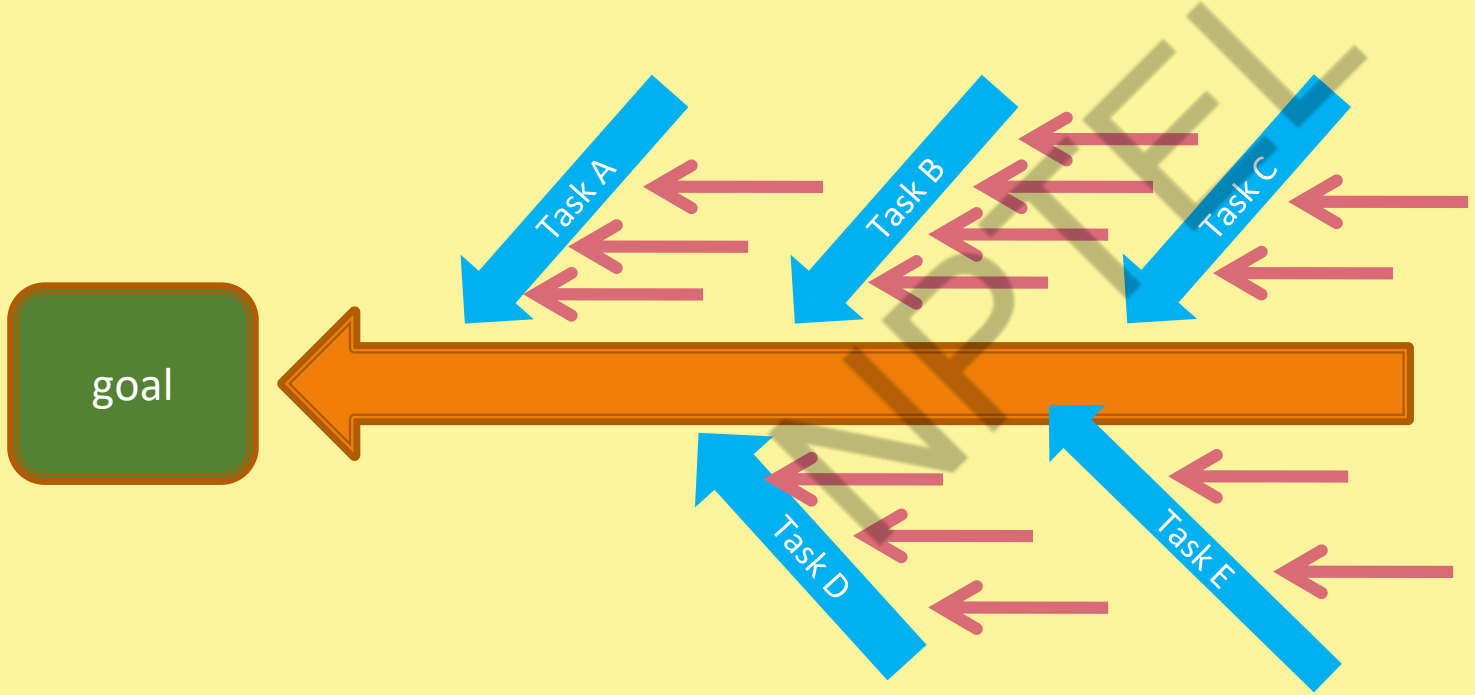
2. Identify what needs to be done

A useful tool to stimulate thinking about what needs to be done is the Awakishi diagram

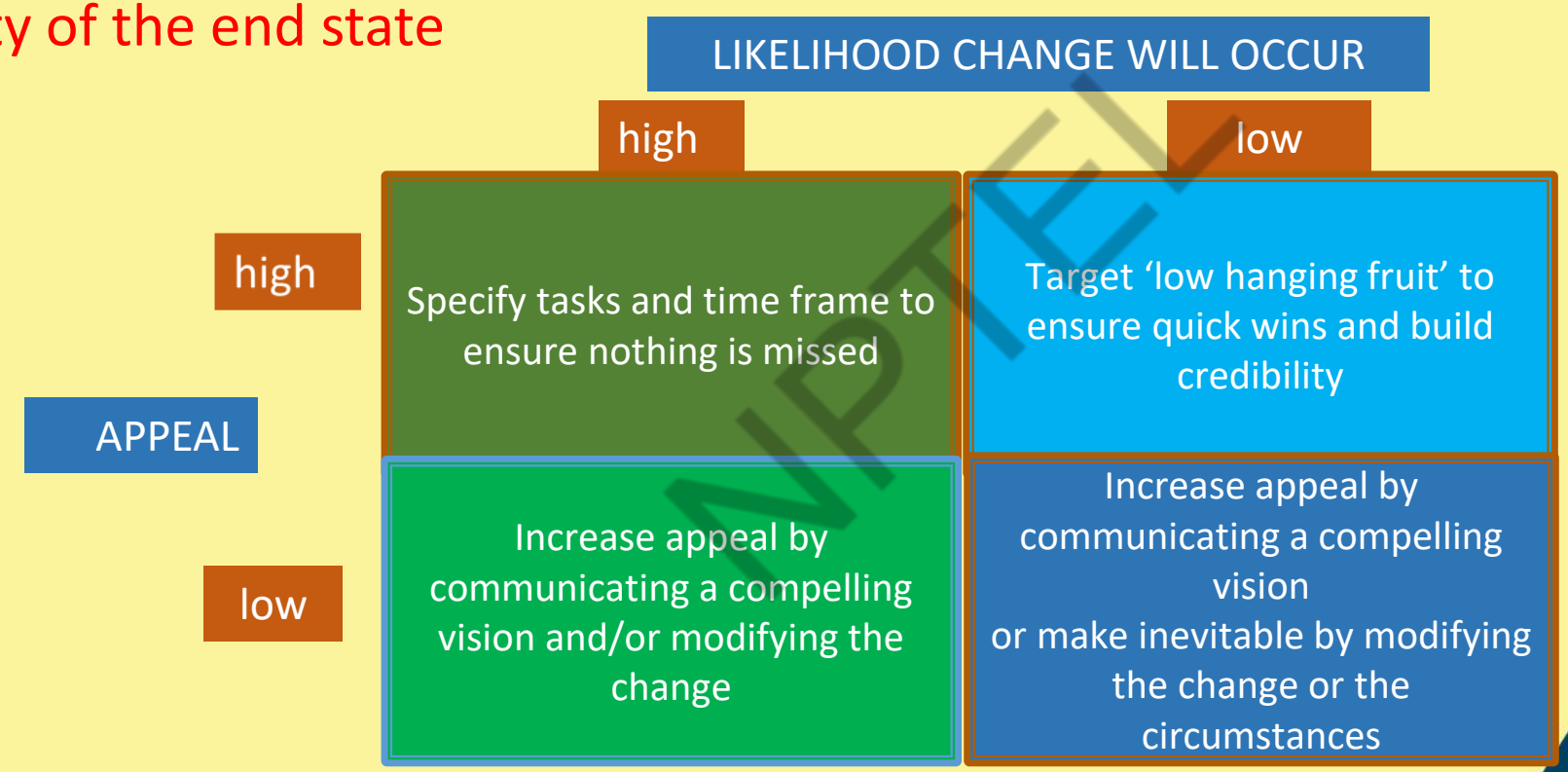


3. Develop an implementation plan

This needs to take account of:

1.change participants' expectations

2.clarity of the end state



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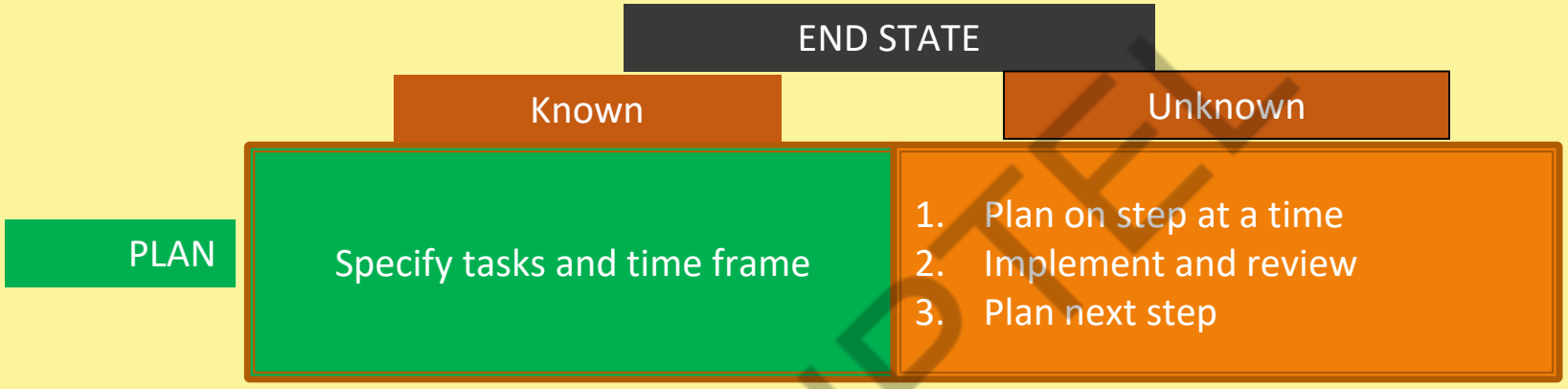
Clarity of the end state



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Beckhard and Harris identify seven characteristics of effective transition plans

- Purposeful – activities linked to change goal
- . Task specific – avoid vague generalisations
- Integrated – interdependencies factored in
- Temporal – everything is timetabled
- Adaptable – contingency plans to cope with surprises
- Agreed – with key stakeholders
- Cost-effective to avoid waste

some of these points receive more attention later

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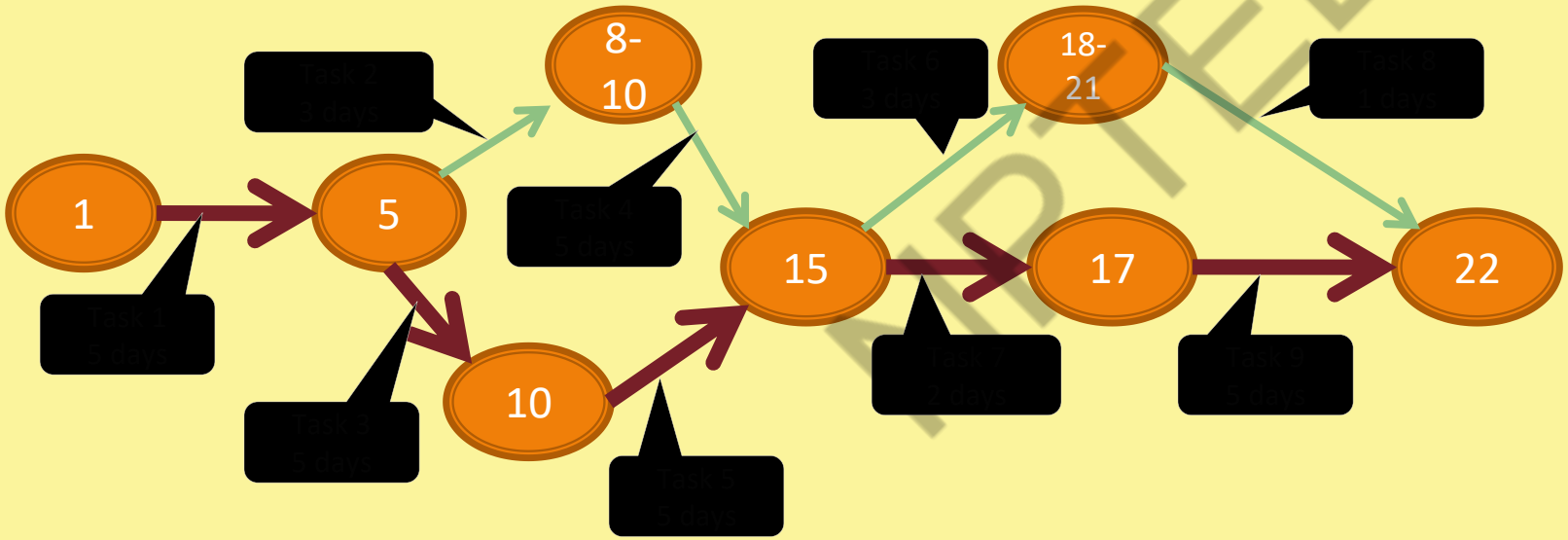
Use of Multiple leverage points and Scheduling

If only one element of the system is changed it can trigger forces that seek to re-align all elements by re-establishing the status quo

- Careful scheduling to ensure that all activities are completed on time.
- Critical path analysis planning tool



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6. Provide needed resources

There is always a cost associated with change

- In an emergency and over the short term existing employees may be able to cope with the resources currently available,
- Where change requires sustained attention (or is a more constant feature) it will need to be properly resourced
- Resource include money , material, support from top management, HR support, etc.

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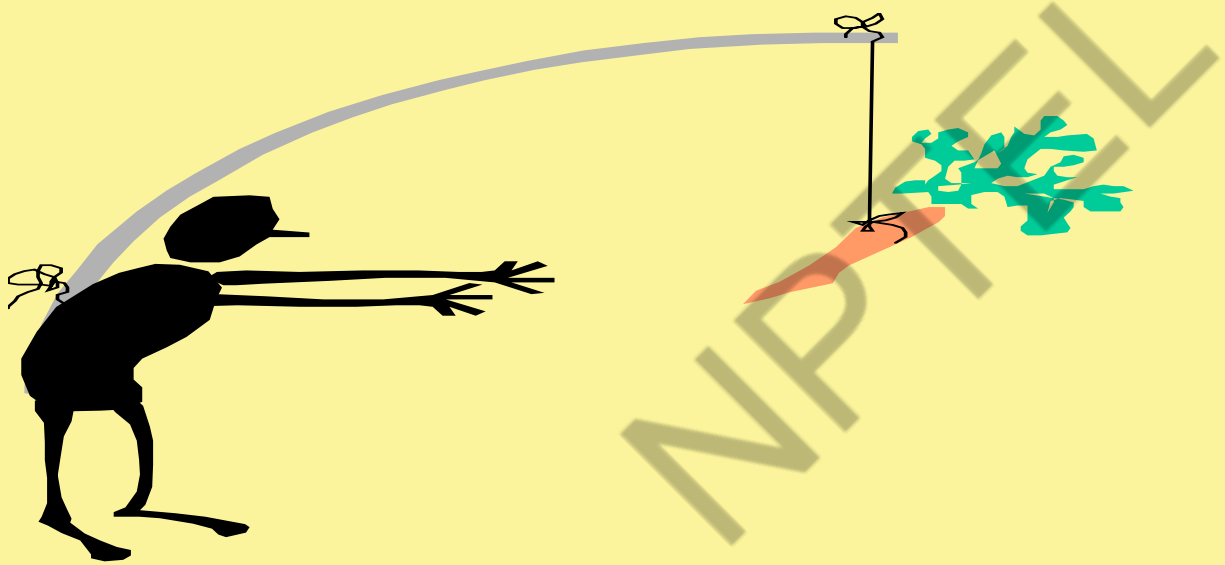
7. Reward transition behaviors

- Existing control systems may reward current (pre-change) practices and provide little incentive for people to change



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8. Develop feedback mechanisms

These are required to facilitate the monitoring of progress towards the new desired state

Feedback loop
Control mechanism
Monitoring the progress periodically
Taking corrective action if required

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Example of Successful Change Management Plan

Nokia

Nokia was one of the world's largest suppliers of mobile devices before smartphone mania swept the world.

After 2010 profit declined and Apple beat Nokia to market with its iPhones.

In 2017,Nokia has reinvented itself time and hired a new CEO to take the reins.

The new management team decided to sell the company's struggling phone division to Microsoft.

Nokia has changed the focus of its operations once more. and building network and mapping technologies, among other initiatives.

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Example of Successful Change Management Plan

Amazon

Amazon went online in 1995, has undergone a slew of changes —led by Jeff Bezos, during the last two-plus decades.

First it sold was books and expanded to include things like CDs and DVDs.

Bezos wanted Amazon to become the world's largest, offering new products, launching Amazon Prime, launching Amazon Instant Video ... the list goes on, and today, Amazon sells more than 200 million products to customers all over the world.

Bezos hopes Amazon can produce as many as 16 feature films each year. In 2017, Bezos & his team took home three Oscars.

It appears as though Amazon is a company that can be characterized as changing constantly. To date, they've been successful, by putting its customers first.

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Example of Successful Change Management Plan

GE

Jack Welch inherited a company that had a market value of $12 billion — certainly a modest number, by today's standards. By the time he left in 1998, GE was worth $280 billion.

He thought that his company was due for a complete overhaul, Welch decided to implement Six Sigma at GE in 1995.

Six Sigma test their processes again and again to make sure that they are as close to perfect as possible.

Five years after Welch's decision to implement Six Sigma, GE had saved a mind-blowing $10 billion.

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Topic: Linking vision and mission to Change (1)

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Vision and Change

Vision is linked to successful organizational change

Lack of vision is frequently associated with organizational decline

The role of vision in producing organizational change is linked to the image one has of managing change

Vision acts as a guide for the organization in identifying the appropriateness of particular changes that are proposed.

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Vision and Change managers Image

Images	Link Vision and Change
Director	Vision is something that is essential to producing successful organizational change. It should be articulated early on and it is up to leaders to do this.
Navigator	Vision is important but not necessarily able to be achieved because of competing visions that exist among various organizational parties and stakeholders.
Caretaker	Vision is in many ways immaterial to the way change will proceed. Change is rarely the outcome of visionary actions
Coach	Vision is something that is important and is more likely to emerge through the facilitation skills of the change leader interacting with his or her followers, shaping their agendas and desired futures.
Interpreter	Vision is the ability to articulate the inner voice of the organization, that which is lived, be it core ideology or values, and that underpins the identity of the organization.
Nurturer	Vision is emergent from the clash of chaotic and unpredictable change forces. Visions are likely to be temporary and always in the process of being rewritten.

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Content of Meaningful Vision

- Some consideration has been given to attributes, its style, and how it is differentiated from mission and organizational values. Here are some examples:
  - Two Attributes of vision:
    - cognitive component – focusing on achieving outcomes
    - affective component – helping to motivate people and increase commitment to the change
  - Three components of vision are:
    - Why the change is needed
    - The aim of the change
    - The change actions that will be taken
  - Four generic characteristics of vision are:
    - Imaginable – picture of future
    - Desirable – appeal to interests
    - Feasible - realistic
    - Focused - guide of decision making
    - Flexible - enable individual initiatives
    - Communicable - in five min

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Content of Meaningful Vision

- Four generic characteristics of vision are:
  - Possibility – for improvement of the organization
  - Desirability – how it draws upon existing values
  - Actionability – what actions people can take that can be considered in line with this vision
  - Articulation - contains imagery that is powerful enough to communicate a clear picture

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Key Elements of a Strategic Vision

- Provides a panoramic view of “where we are going”
- Is ***distinctive*** and ***specific*** to a particular organization
  - Avoids use of generic language that is dull and that could apply to most any company

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Strategic Vision vs. Mission

- A ***strategic vision*** concerns a firm's ***future*** business path - ***"where we are going"***
  - Markets to be pursued
  - Future product/market/customer/technology focus

- The ***mission statement*** of a firm focuses on its ***present*** business purpose - ***"who we are and what we do"***
  - Current product and service offerings
  - Customer needs being served

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Payoffs of a Clear Strategic Vision

- ***Crystallizes*** an organization's long-term direction
- ***Reduces risk*** of rudderless decision-making
- Creates a ***committed enterprise*** to make the vision a reality
- Provides a beacon to keep ***strategy-related actions*** of all managers on common path
- Helps an organization ***prepare for the future***

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Characteristics of Effectively Worded Vision Statements

- **Graphic**—Paints a picture of the kind of company that management is trying to create
- **Directional**—Is forward looking
- **Focused**—Is specific enough to provide guidance in decision making
- **Flexible**—Is not so focused that it makes it difficult to adjust to change
- **Feasible**—Is within the real of what is possible
- **Desirable**—Indicates why the directional path makes sense
- **Easy to Communicate**—Can be explained in simple terms

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Example of a Strategic Vision

Provide a global trading platform where practically anyone can trade practically anything.

Infosys

"To be a globally respected corporation that provides best-of-breed business solutions, leveraging technology, delivered by best-in-class people"

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Mission

Organizations relate their existence to satisfying a particular need of the society.

Mission statement defines the role of an organization in a society.

It refers to the particular need of that society for instance, its information needs.

Defining Mission: Essential purpose of the organization, concerning particularly why it is in existence, the nature of the business it is in, and the customers it seeks to serve and satisfy.

Mission describes the product, market and technological areas of emphasis for the business

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Example of a Mission statement

Infosys International Inc. is dedicated to providing the people, services and solutions our clients need to meet their information technology challenges and business goals.

Work to understand the needs and requirements of our clients before proposing a solution

Develop responsive proposals that provide cost-effective solutions to our clients needs

Deploy the right mix of people and products to deliver value-added services and solutions to our clients

Follow-up on the quality of our services and solutions to our clients

Appreciate the trust that our clients put in us as we work with them to improve their business and information technology.

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Examples of Mission statement

amazon.com

To be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers the lowest possible prices.

ArcelorMittal

ArcelorMittal Mission:

R&D is the main instrument for delivering ArcelorMittal's ambitions in technological innovation and supporting its sustainablilty and future growth.

The R&D **mission** is to:

- Invent the steels and steel solutions of tomorrow - developing products that create value for customers and expand the use of ArcelorMittal's steels worldwide;
- Improve ArcelorMittal's competitiveness - by developing new and optimising current industrial processes to reduce cost and improve quality;
- Contribute to sustainable development - by reducing environmental impact;

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Vision and mission statement Example

Apple

Apple's Vision Statement

Apple is committed to bringing the best personal computing experience to students, educators, creative professionals and consumers around the world through its innovative hardware, software and Internet offerings

Apple's Mission Statement

Apple Computer is committed to protecting the environment, health and safety of our employees, customers and the global communities where we operate. We recognize that by integrating sound environmental, health and safety management practices into all aspects of our business, we can offer technologically innovative products and services while conserving and enhancing recourses for future generations. Apple strives for continuous improvement in our environmental, health and safety management systems and in the environmental quality of our products, processes and services

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Combining Vision And Mission

The vision of Zappos.com, is “delivering happiness to customers, employees, and vendors.”

Mission statement, also referred to by Zappos employees as their “WOW Philosophy,” is to “provide the best customer service possible. Deliver WOW through service.”

IKEA vision is to create a better everyday life for many people.

Mission: To create a better everyday life for many people. Our business idea supports this vision by offering a wide range of well-designed, functional home furnishing products at prices so low that as many people as possible will be able to afford them.

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Keys to developing an effective Vision

1. Senior managers need to take the lead in developing vision, but the members of the organization need to be involved

2. Vision should fit the unique situation of the organization and cannot be copied or borrowed from others.

3. Vision need to set high aspirations for the organization so that members feel that they have challenging but reachable goals.

4. Vision need to focus on how an organization will win in the future, what its outstanding products and services will be, and how they will satisfy the customer.

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Keys to developing an effective Vision

6. Vision need to reflect the values that will guide how the organization accomplishes its goals and mission, and allow employees to identify with the way the organization operates.

7. Vision must communicate a sense of direction and stimulate discovery of what the organization can do and what works in particular business environments.

8. Vision must provide all employees with a sense of where it is trying to go.

9. The leaders should identify the kinds of capabilities that are needed, communicate them through vision statements and develop commitment to them throughout the organization.

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Topic: Linking Vision and Mission to Change (2)

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Content of Meaningful Vision

- Vision as stories
  - This allows a vivid description of the change to which people can relate. Stories are more effective than simple vision statements because people can imagine themselves and their actions in the future.
- Relationship to mission and goals
  - Vision is often confused with other terms such as mission statements, goals and values
  - Whereas vision usually paints a picture of the future and is inspirational, mission statements are more purposive and instrumental in outlining what needs to be done.
- Relationship of Vision to Market Strategy
  - It has been argued that having a well-specified market vision such as this helps to identify how the company will grow and compete

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How Context affects Vision

- There are four organizational contexts in terms of their ability to produce visionary change that should be considered. These are:
  - Rigid organizations: Small resources, lack of need for change
  - Bold organizations: Low resources, high acceptance for need to change
  - Overmanaged organizations: High resources, no need to change
  - Liberated organizations: High resources, high acceptance for need to change
  - A vision will “take” in an organization depending on whether there is a contextual “trigger” that alerts people to the need for a new vision.
- The national and cultural context in which the organization is embedded is also impo

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How Context Affects Vision

- A vision will “take” in an organization depending on whether there is a **contextual “trigger**” that alerts people to the need for a new vision.
  - Economic Turbulence
  - New Technology

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Processes by which vision emerges

- There are a number of approaches to creating vision which include:
  - *Crafting the vision:* this can be either leader-dominated, pump-priming or facilitated
  - *Questions that help to develop a vision:* this can be done through an intuitive, analytic or benchmarking approach
  - *Connecting the vision to the organization's inner voice:* this connects the vision to the underlying values and beliefs that are held within the organization.

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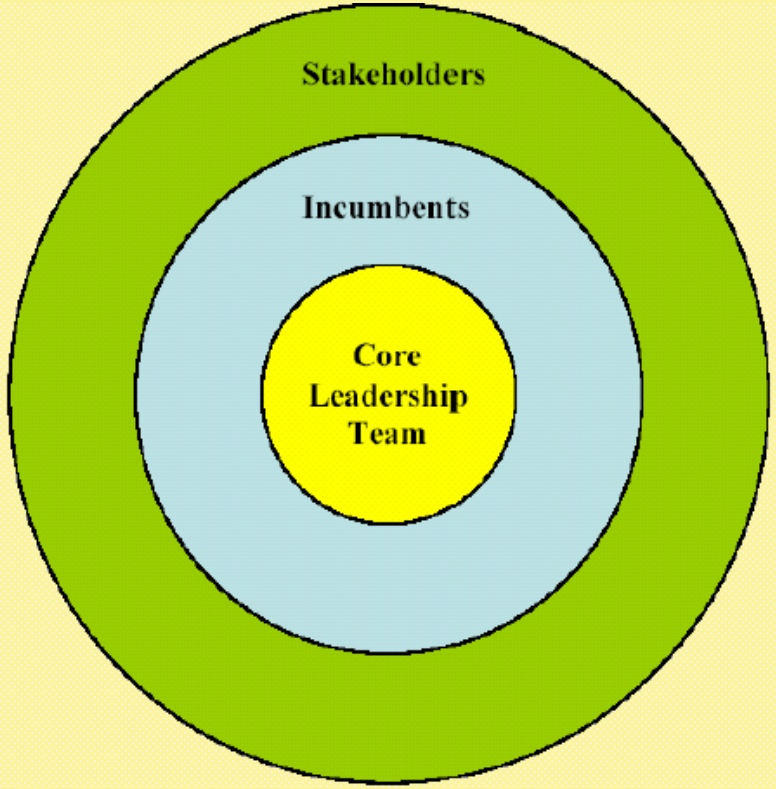
How Visions Evolve in an organization



- Develop the vision with the core team
- Refine the vision with incumbents
- Sell the vision to stakeholders
- Let it evolve throughout

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Principles of communicating a powerful vision for change

Creating, defining and communicating the vision for organizational transformation is a tricky process and requires considerable time and resources to get right.

1. Simplicity: The change vision must come in many forms, and you must be able to communicate it in both short and long form.
2. Authenticity: leadership team having a good track record and a culture based on trust and accountability
3. Multichannels: communication of the change vision must be done early, often, and through every means possible. Over-communicating a poor or misaligned vision through many channels would be detrimental.
4. Repetition: Use the channels and every opportunity to distill and communicate important information on progress throughout the process.
5. Consistent behavior: Behaviors, especially of those at the top, must embody the new vision on and off the battlefield.
6. Feedback: Feedback should be gathered while developing the new change vision. But it also must be collected throughout the process, especially from the front-line troops.

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Failure of Vision

Visions can fail for a number of reasons including being:
too specific
too vague
inadequate
too unrealistic
A vision must be able to adapt over time
A dominant vision will be one that outlasts others that may be present within the organization

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Debates linking Vision and Change

There are three key debates that link vision and change.

Does vision drive change or emerge during change?

Does vision help or hinder change?

Is vision an attribute of heroic leaders or of heroic organizations?

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Vision Drives Change

- Without a vision, changes may seem arbitrary or not needed
- Vision produces clarity of goals
- Outlines the extent of the change, how dramatic it will be, etc.
- “strategic intent” – outlines objectives, etc

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Vision Drives Change

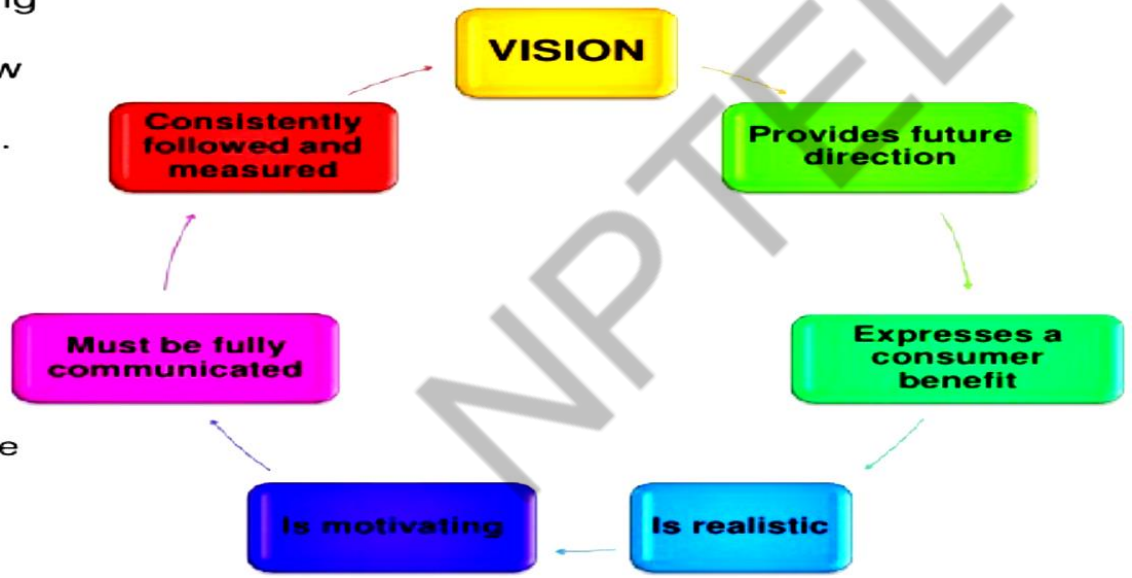
Vision is a Critical Driver

To succeed in the long term, our business needs a vision of how we will change and improve in the future.

"without a vision, the people perish"

The vision of the business gives its energy.

- It helps motivate us.
- It helps set the direction of corporate and marketing strategy.



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Vision Emerges during Change

- May not be easy to articulate at the start
- Lack of information by those making the vision
- Vision may not be important
  - Actions and plans important

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Vision Helps Change

- Five ways in which visions help change (Lipton)
  - Visionary companies have enhanced preference.
  - Gives org members a roadmap
  - Imagery of the future will inspire
  - Recruitment tool
  - Decision making aid

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Vision Helps Change

- Articulates the gap between current and future (Metais)
- The gap will be filled by creative means to leverage resources
  - Flanking – exploiting weakness in comp
  - Encircling – gaining more control of market
  - Destabilizing – change the competitive rules

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Vision Hinders Change

- Purely emotional appeals may neglect necessary practical elements
- More future-centric than present-centric
- Staff may become disillusioned with “fluffy” visions
- Staff may see vision as incompatible with values
- Organization may have “fuzzy” boundaries

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Heroic Leaders or Organizations

- Is Vision an Attribute of Heroic Leaders or of Heroic Organizations?
  - Vision Is an Attribute of Heroic Leaders: Some writers claim that successful strategic organizational change will only occur when it is led effectively.
  - The vision has to be clear, compelling, challenging, and credible—
  - it also has to be reflected in the expressions and actions of the leader who is articulating it. stands for – it becomes the core purpose and envisioned future of the organization.

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Heroic Leaders or Organizations

Charismatic leaders secure images in their followers and enact their visions through four processes:

Framing - the art of managing the meaning of followers, getting them to accept the vision's interpretation and meaning by stressing its importance and aligning it with followers' values
Scripting - extends framing, building upon it by coordinating and integrating more specific sets of ideas and actions
Staging - is the selection of symbols, artifacts, props, and settings for reinforcing the vision
Performing -refers to enacting the vision. This occurs through exemplification of required behaviours and promotion of themselves and their vision.

Vision Is an Attribute of Heroic Organizations: It is a visionary company that will last the distance, irrespective of its leadership. Vision consists of a core ideology which defines what the organization

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Leading Change

"You must be the change you wish to see in the world."

Mahatma Gandhi

Spiritual & Political Leader

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The role of leadership

There is marked difference in the orientation between management and leadership. Both involve:

Deciding what needs to be done

Developing the capacity to do it

Ensuring that it is done

However, while management is concerned with order and consistency, leadership is concerned with change

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Deciding what needs to be done

- Management involves deciding what needs to be done through a process of goal setting, establishing detailed steps for achieving these goals and identifying and allocating the resources necessary for their achievement (through planning and budgeting)
- Leadership focuses on creating a vision and setting a direction, and developing the strategies necessary to move in that direction.

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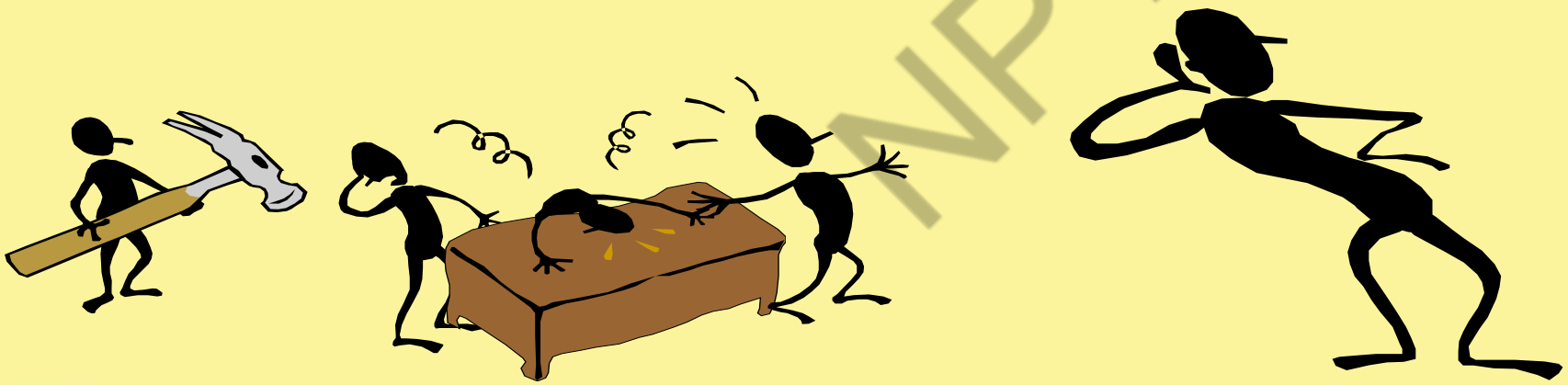
Deciding what needs to be done: Quality of the vision

A strong vision can make a valuable contribution to the success of a change initiative

But unless the leader:

- makes a realistic assessment of the situation
- and responds to the concerns of others

the vision may not be fit for purpose.



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Deciding what needs to be done: The leader's assessment of the situation

Sometimes leaders fail to make a realistic assessment of the situation because:

Their diagnosis is unsound

They may be so committed to a project that they only attend to information which supports their own position.
A history of past successes can contribute to this condition.

Nobody challenges their vision

- Subordinates may fear repercussions
- They may be too dependent and trusting of the leader's judgement.

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Deciding what needs to be done: The leader's attention to stakeholder interests

- It is also essential that those exercising leadership are sensitive to the needs and priorities of key stakeholders.
- Visions that ignore the legitimate needs and rights of some stakeholders may never be achieved because disadvantaged stakeholders act to undermine any attempt to introduce change.

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Developing the capacity to do it

- Management involves developing the capacity to accomplish the organization's agenda by organising and staffing.
- Leadership focuses on aligning people, communicating the new direction and creating coalitions committed to getting there.

Aligning people to achieve the vision

Developing capacity involves communicating in a way that aligns people to achieve the vision

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Developing the capacity to do it: Building coalitions

Sometimes leaders fail to create the capacity to get things done as they fail to build coalitions committed to achieving the vision

- A feature of modern organizations is interdependence, where no one has complete autonomy, and where most members of the organization are tied to many others by their work, technology, management systems and hierarchy.
- These interdependencies point to a need for 'lateral leadership' to create commitment to a shared understanding of what needs to be done.

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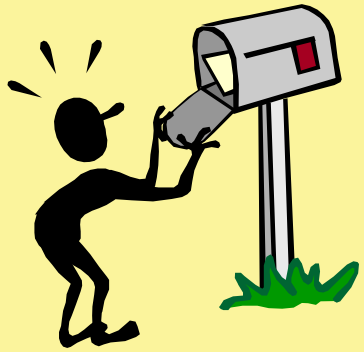
Developing the capacity to do it: Empowering others to act

- In those situations where there is a clear (and shared) sense of direction, committed stakeholders, including subordinates, are more likely to feel able to take action without encountering undue conflict with others or being reprimanded by superiors.



- But sometimes this shared sense of direction is lacking because the vision is poorly communicated.

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Ensuring that it is done

Kotter identifies four ways:

- Articulating the vision in ways that are in accord with peoples' values
- Involving people in deciding how to achieve the vision, thereby giving them some sense of control.
- Supporting others' efforts to realise the vision by providing coaching, feedback and role modelling.
- Recognising and rewarding success

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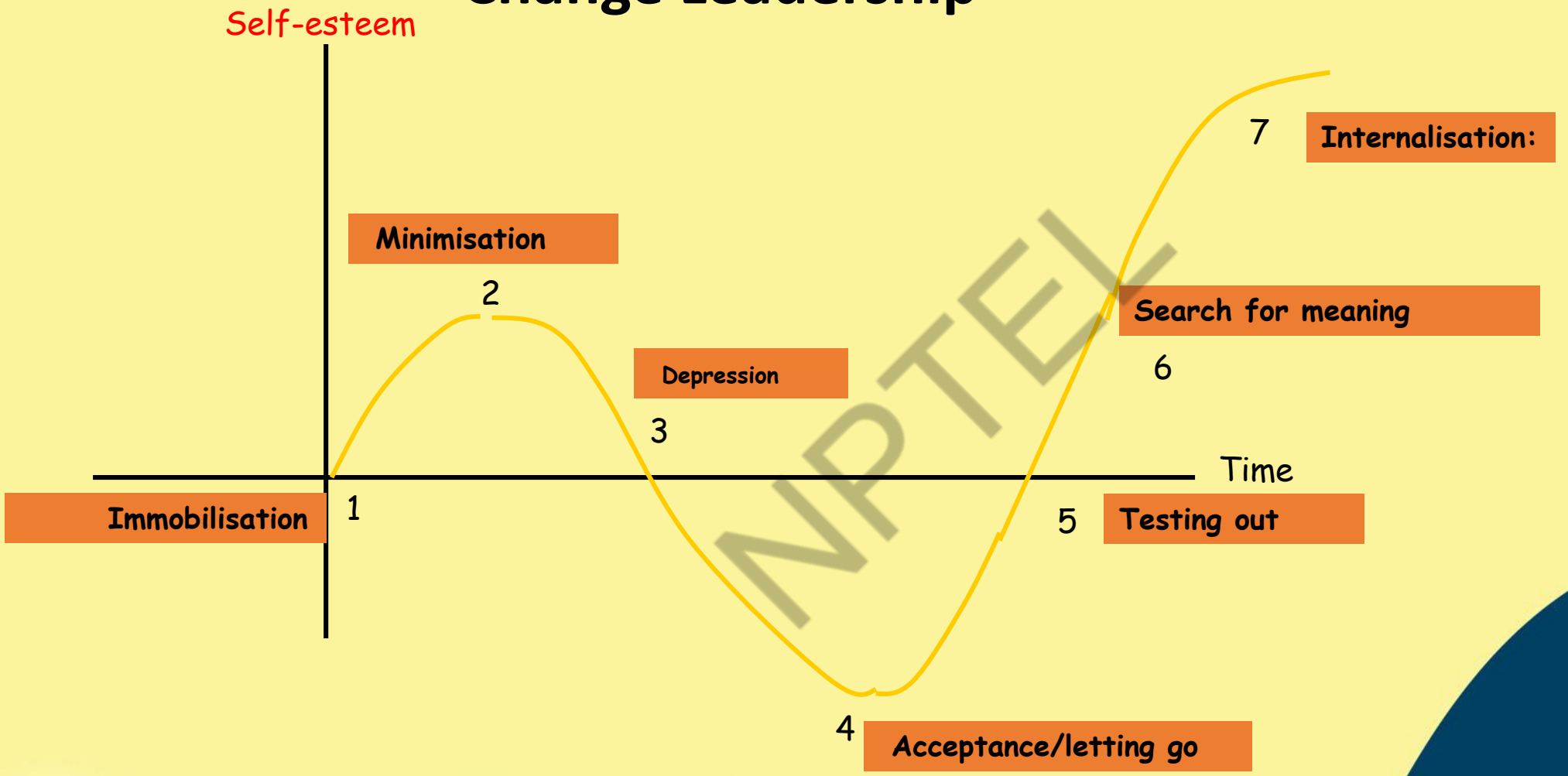
Change Leadership



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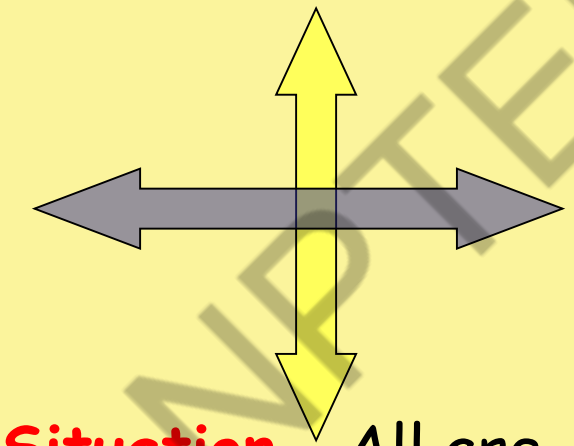
Four Major Factors in Leading Change

Follower - Different people require different styles

Leader – Know yourself as a leader, people will decide on their own whether to follow you



Communication - Two-way, you must set the example

Situation – All are different, use judgment to determine best course of action

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What leaders do

Some of the things that leaders need to do include:

- Recognise the need for change
- Identify change goals
- Communicate a sense of direction
- Formulate a change strategy
- Involve others
- Build coalitions
- Motivate people
- Provide support
- Create an organisational context conducive to change

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How they do it: leadership style

The assumptions leaders make about others has a powerful affect on their leadership style

Situational leadership	Situational leadership challenges the notion that there is one leadership style that will be best for every manager in all circumstances. The most effective style depends on situational factors
Charismatic leadership	The charismatic leaders are those have the ability to inspire others. This requires two distinct skills: Framing Rhetorical crafting
Distributed leadership	Managers, throughout the system, have to accept that they have a leadership role to play. The network of leaders need to share a common vision that is clear, consistent and inspiring.

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The collective nature of leadership

Collective leadership is required in those circumstances where a single individual is unable to formulate and implement a vision that is acceptable to a sufficient body of powerful stakeholders.

Two factors determine whether it will be effective:

- Coherence
- Fragility

Fragility can be defined in terms of three types of 'coupling'.

1. Strategic
2. Organizational
3. Environmental

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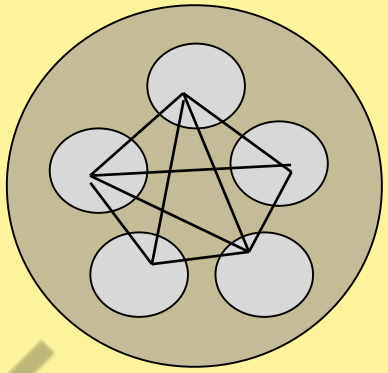
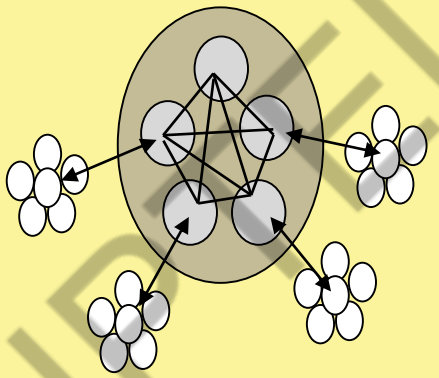
Three types of Coupling

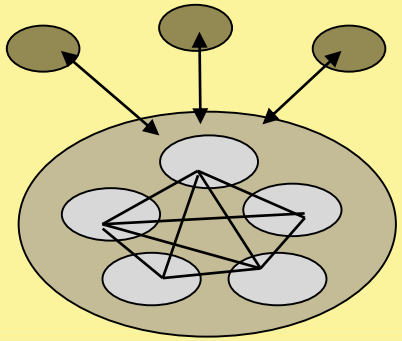
Strategic coupling — The internal harmony between members of the leadership constellation



Organisational coupling — The relationship between members of the leadership constellation and their organizational constituencies



Environmental coupling — The degree of coherence between the leadership constellation's vision and aspirations and the demands and constraints imposed by powerful external stakeholders



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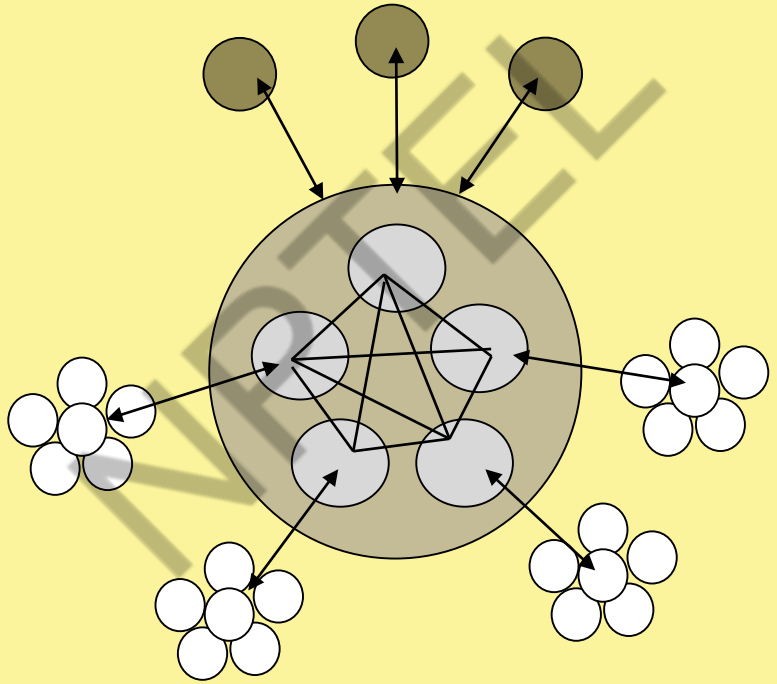
Maintaining harmony at all three levels

It can be difficult to maintain harmony at all three levels

- Accommodating different interests is easier when there is organizational slack
- The interpersonal skills of members can affect the stability of leadership constellations



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Course Name: Managing Change in Organizations

Faculty Name: KBL Srivastava

Department: humanities and Social Sciences

Indian Institute of Technology Kharagpur

Topic: Power and Politics of Change

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Power and Politics of Change

Political behavior tends to be more intense in times of change

Individuals and groups perceive the possibility of upsetting the existing balance of power

Some may be motivated to defend the status quo
Some may perceive change as an opportunity to improve their position

change managers need to be alert to these political dynamics

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Organisations are political arenas

Leaders need to understand and manage the politics of organizational change

Organizations as political arenas within which individuals and groups attempt to influence each other in the pursuit of self-interest

In case of a conflict of interest, it is the power and influence of the individuals and groups involved that determine the outcome of the decision process, not logic and rational argument

Political behavior tends to be more intense in times of change because individuals and groups perceive the possibility of upsetting the existing balance of power.

Some people may be motivated to act to undermine the efforts to bring about change or resist to change

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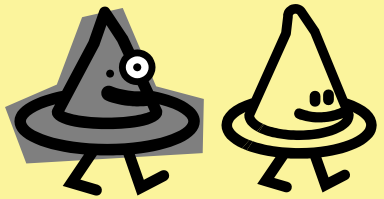
Implications for change managers

- In order to manage change successfully change managers need to be alert to the identity of important stakeholders and to their predisposition to either support or resist the change.



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Power and authority

Some stakeholders are more powerful than others and they are able to act in ways that will either support or block a change.

This power is not confined to those who have been given the authority to determine how certain things will be done

Sometimes individuals and groups who do not have any legitimate authority have more power than legitimately appointed managers.

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Acquiring and exercising power and influence

Promoting their reputation for delivering successful change

Taking steps to increase others' dependence on them:

Taking stock of what resources others want from you?

Assessing how important these resources are to them?

Exploring whether they can obtain the resources you provide from other sources?

Minimizing their dependence on those they are seeking to influence

Taking stock of what you need from others?

Searching for (and establishing) alternative sources of supply

Challenging historic assumptions about your dependence on others when situations have changed

Building collaborative relationships

Identify new ways in which you could help target others?

Communicate your needs with those others you can trust in order to encourage them to provide the resources you require?

Enlist the help of others to influence third parties inaccessible to you

Negotiating advantageous agreements

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Stakeholders

Stakeholders are any individuals or groups who can affect or will be affected by the outcome of a change

The constituencies or stakeholder groups that are most powerful are those that:

Are in a position to deal with important problems facing the organization
Have control over significant resources valued by others
Are lucky or skilled enough to bring problems and resources together at the same time
Are centrally connected in the work flow of the organisation
Are not easily replaced
Have successfully used power in the past

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Which stakeholders are most important?

- *Normative/ethics based theories*
  - The interests of all stakeholders have intrinsic value and should be taken into account when planning and implementing change.
  - Generate reputational gains that will improve their ability to attract resources, enhance performance
- *Instrumental theories*
  - managers will only attend to the interests of stakeholders to the extent that those stakeholders can affect their interests.
  - Change manager will focus attention on those relationships that will affect the success of the change

Shell provides a good example of an organization that has worked hard to integrate commerce and good citizenship

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A life cycle approach to stakeholders management

Draws on resource dependence theory, prospect theory and organizational life cycle models

An organization faces different pressures and threats at different stages in its life cycle.

Consequently, over time, certain stakeholders become more important than others because of their ability to satisfy critical organizational needs.

This theory identifies which stakeholders will be important at different stages in the organizational life cycle and indicates how the organization will attempt to deal with each of its primary stakeholders at every stage

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The contribution of resource dependence theory

Conceptualizes the organization as being dependent on the resources in its environment for survival and growth

Organizations will pay most attention to those stakeholder groups who control resources critical to the organization's survival

Change managers will be motivated to attend to those stakeholders who control the resources that are critical to the change project's success

The different levels of attention they devote to different groups of stakeholders are manifest in the form of different stakeholder management strategies

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Four ways to manage resources

Four ways of attending to stakeholders:

1. Being proactive: doing a great deal to address stakeholder issues

2 Accommodating: a positive but less active approach for dealing with stakeholder issues

3 Defending: doing only the minimum required to address stakeholder issues, for example attending to employee concerns only to the extent required by employment legislation

4 Ignoring: ignoring or refusing to address stakeholder issues.

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The context of prospect theory

Context of gains: individuals will be risk averse and choose the option with a certain outcome over a risky option

Contest of Loss: individuals will be risk seeking and choose the risky option over the option with a certain outcome

Proactively addressing the concerns of **all stakeholders** is a 'certain' or risk-averse option because it is likely to persuade all stakeholders to provide the organisation with the required resources.

Proactively addressing the concerns of only **some stakeholders** and ignoring the concerns of others is a more 'risky' option.

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Two theorems

In the absence of threats to organizational survival, a gain frame will be adopted,
The organization will follow a risk-averse strategy and actively address all stakeholder issues.

In the presence of threats to organizational survival, a loss frame will be adopted
The organization will pursue a risky strategy that involves addressing the concerns of only those stakeholders who are relevant to the immediate loss threat
At the same time defending or denying any responsibility for the concerns of other stakeholders.

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The contribution of organisational life cycle models

- Resource requirements will vary depending on the stage of the change project life cycle

When the fulfilment of resource requirements is threatened change managers adopt a loss frame and interact proactively with those stakeholders who control the critical resources.

... and ignore or act in a defensive mode towards other stakeholders

When the flow of resources is not threatened, change managers adopt a gain frame, pursue a risk-averse strategy, and actively address the concerns of all stakeholders

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Stakeholder theory

At any given life cycle stage certain stakeholders become more important than others because of their potential to satisfy critical organizational needs.

It is possible to identify which stakeholders are likely to be more or less important at each stage of the life cycle.

The strategy that will be used to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders

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Managing stakeholders

The first part of the process involves a stakeholder analysis to identify important stakeholders and assess their power to influence and their attitude towards the proposed change.

The second part involves developing a strategy for persuading influential stakeholders to support the change.

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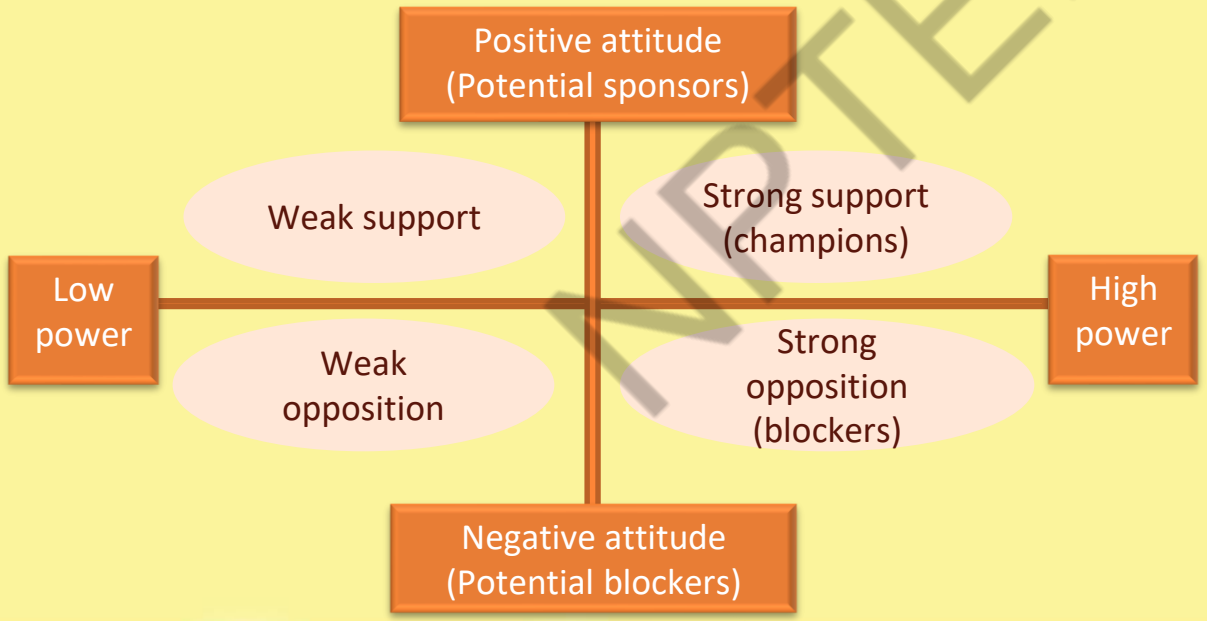
Identifying the power and commitment of stakeholders

Three steps for identifying the power and commitment of stakeholders:

1. Stakeholder brainstorm
2. power and influence each group of stakeholders
3. Assessing stakeholders' attitudes towards the proposed change



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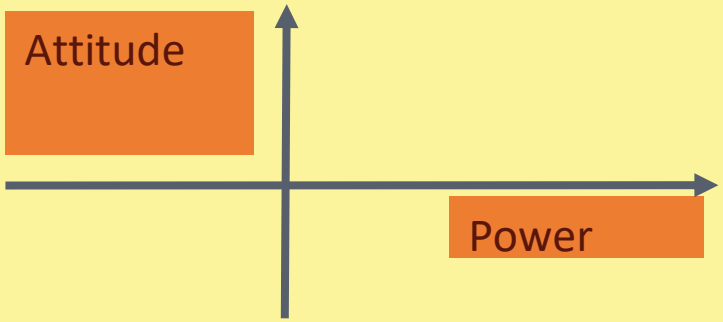
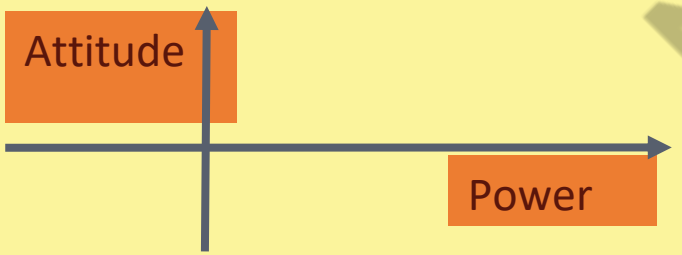
Influencing stakeholders to support the change

1 Winning the support of those who oppose the change and have the power to influence the outcome



2 Increasing the influence of already supportive stakeholders:



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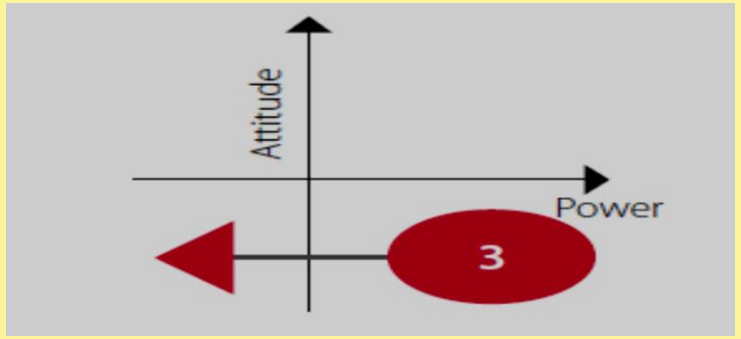
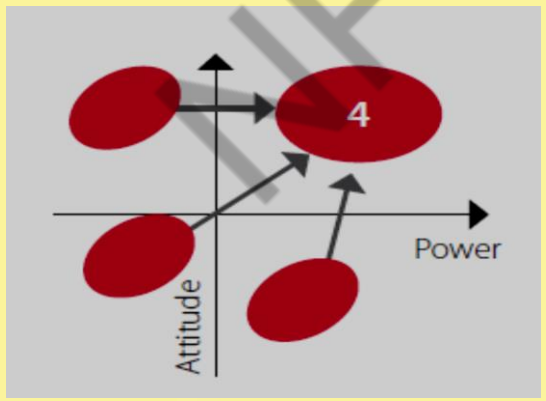
Influencing stakeholders to support the change

3. Reducing the influence of powerful blockers:



4. Building a coalition of supportive stakeholders who will be prepared to work together to support the change



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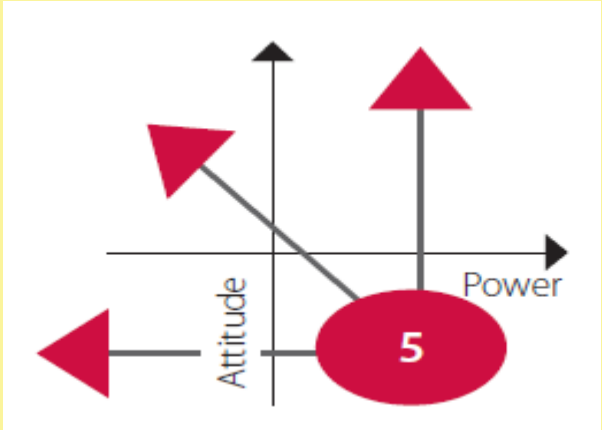
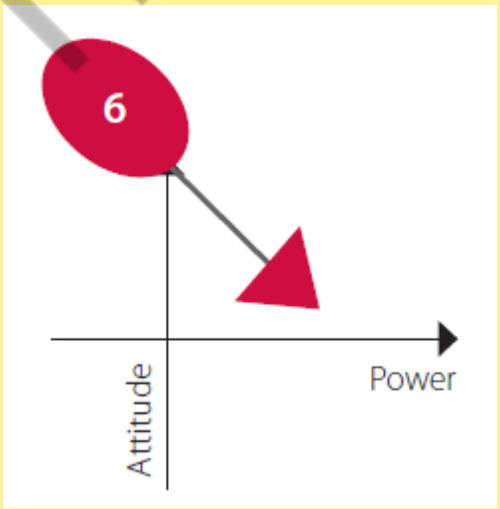
Influencing stakeholders to support the change

5. Fragmenting existing coalitions who are antagonistic towards the change



6. Bringing new sponsors or champions into play



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Summary

At any given stage in a change project certain stakeholders emerge as more important than others because of their potential to satisfy critical organizational needs,

It is possible to identify which stakeholders are likely to be more or less important at each stage.

The strategy to deal with each stakeholder will depend on the importance of that stakeholder relative to other stakeholders.

The stakeholder grid was introduced as a useful tool for identifying the power of stakeholders and their predisposition to support or oppose the change.

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CONCEPTS COVERED

Concepts Covered:

- Development of a change plan
- Vision and change
- Linking vision and Change
- Leading change
- Power and Politics of change

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