


Organization Development and Change in 21st Century
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Lecture - 05
Comparison of Various Planned Change Models

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Course: Management of Change
Learning Objectives
for Session 3

- To comprehend and compare the major perspectives on managing and leading change in organizations.
- To recognize the steps in Organization Development Process.



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Today we are going to look at a different perspective of managing and leading larger scale Planned Change process. We will also look at the OD process - what is the organization development process, what are the steps involved in it. I would like to start with a small caselet. So, you are supposed to read this and identify what will be your approach if you face this kind of challenge.

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Business Challenge and Need for Change: An Example

BizSoft were one of the first Indian IT firms. A software development company working in the fields of ERP, Product Life Cycle Management, Automation using Machine learning and Big data analytics. Its revenue source is Oil and Gas companies, infrastructure, Pharma and media Companies. The size of company is about \$500 millions after a recent acquisition. Like any other organization in this domain BizSoft also need to master the technological advancement in Block chain, AI, ML, Big Data, IOT and so on. The project size is becoming smaller and need for digitization is increasing amongst the clients for whom they have worked and working on ERP projects. The question for this organization is how to reach to the big league of the IT companies of the size of \$2000 millions. The profitability is fine. PE ration is 10.5 and Net Profit Margin is about 15%. They are good and professional. They tend to have a more difficult time attracting and retaining talent. Many of its peers which started almost same time or even after them like Infosys, Cognizant have made it big and they also come to the league of these companies. How should they approach this challenge systematically?



This case is about a company called BizSoft, this is a fictitious name, but the data is real, and the situation is real. So, BizSoft was one of the first Indian IT firms. It is a software development company working in the field of ERP, product life cycle management, automation using machine learning and big data analytics. Its revenue source is Oil and Gas companies, infrastructure, pharma, and the media companies. The size of the company is about 500 million after a recent acquisition of 100 plus million dollar company.

Like any other organization in the IT domain, BizSoft also needs to master the technological advancement in Block chain, artificial intelligence, machine learning, big data, internet etc.. The size of projects this company is getting similar to any other competitor firm- the concern is that the size of the project is decreasing.

Nowadays, the product, project size and the duration involved are decreasing, and the project size is becoming smaller, and the need for digitization is increasing particularly amongst the client for whom they have worked or working on the ERP projects.

The question for this organization is how to reach to big league of IT companies say of the size of a 2,000 million dollars. The profitability is fine. PE ratio is ten and a half, the net profit margin is about 15 percent and they are a good and professional organization. They tend to have a difficult time in attracting and retaining talent which is understandable for the company of this size, because usually people join this kind of

organization, they learn the tricks of the trade, and then they look forward to join some bigger IT companies.

So, they have a challenge in attracting and retaining talent, but they have very mature HR processes, very progressive learning in organization development and have an HR department which is willing to put in the required effort to address these challenges. Many of its fears which started almost at the same time or after companies like Infosys and Cognizant that made it big. This firm is a part of a very reputed big business conglomerate in India, and they also want to reach to that level (reached by Infosys and Cognizant) and in that league.

So, this is the challenge. Suppose, you have to engage with this organization for the change and development in organization development process, how you will go about it? Think for 15 minutes, jot down the points, and then we can have a discussion on it later. It is a 16,000 strong employee work force. Generally, they hire from reasonably good management and engineering colleges.

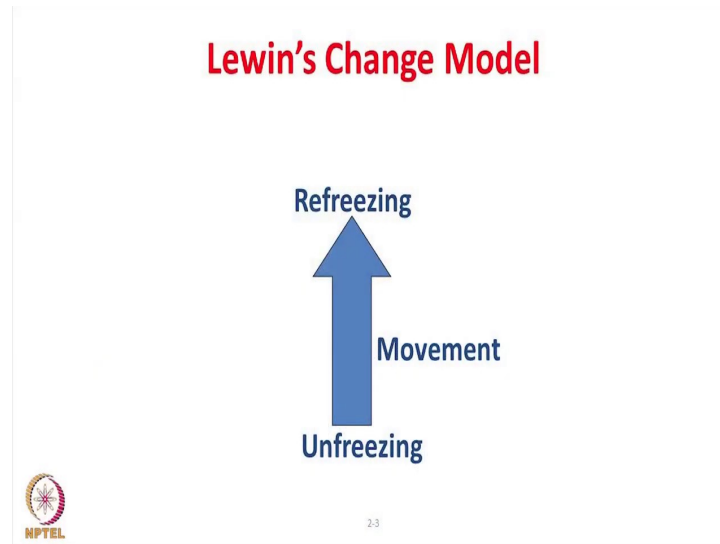
So, what I guess from this discussion is that they need to first build their technical competence; second, they need to look at prospective clients from where they can have more interesting and high value projects. And third, they need to look at their existing clients, and see how they can have a project of a greater size, or more number of projects.

So, there are obvious things one needs to look at, the, you need to expand the market, you need to build your competency, and then you systematically search for new projects and keep hunting for the kind of project you would like to do, which gives the kind of value and help this organization to move to higher levels.

So, this is an example of a change process where there is no crisis situation, but there is an opportunity deficit. So, you need to fill that opportunity deficit, and the need to grow. So, that may require transformation, but it is not a very quick transformation. And it may not be based only on the economic logic of reducing cost, etcetera, but it will be based on the logic of competence building. So, there are two approaches, two very broad approaches of going about a changed process.

First, economic approach which emphasizes a lot on cost saving, emphasizes a lot on quick measures. Second approach is of the competency building, which emphasizes more on building the competency of the people for them to do different things and things better than what they were doing till now. So, this is a case for transformation, but approaching this transformation from the competency building perspective.

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If we look at what are the models and concepts available to explain and to address this kind of situation, the very first model that comes to our mind is Lewin's change model. Kurt Lewin was the pioneer in many ways on organizational psychology, on group dynamics – and he gave this model. Now so many other, more sophisticated models have come up, but the basic logic remains the same - that any organization development and change process is about bringing organization from one level to another level. So that logic is same, where we are and where we want to be.

No organization can move, where it wants to be without creating a sense of urgency, without shaking up the basic assumptions, without making people aware of the need for the change. So, that is the first phase that is called unfreezing, where we aim to make the organization and people more conscious of the need for change, we want people to recognize the urgency for change.

And then comes the movement phase, where you do different things, may be cost cutting, may be competency building, may be involving internal consultants, may be you

can involve external consultants. How do you use the financial incentives, how we use the technology, do we change the organization design drastically, or we make incremental change in the organization design - all these decisions come into the movement phase. Through the movement phase we aim at reaching to the freezing stage where organization reaches to a level where it wants to be. So this model was given in the late 50s and now we are in the 21st century.

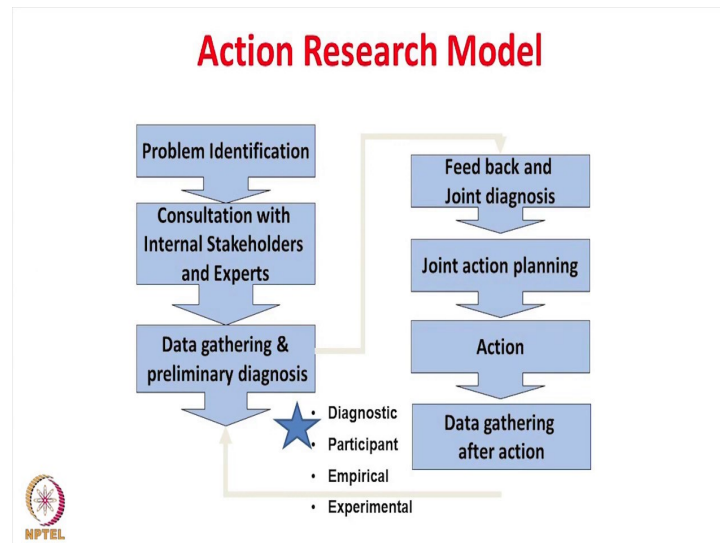
Major change which has happened in between is that we have accepted that there is nothing like freezing, it is constant improvement in change process, but unfreezing and movement has to go on. So, Peter Block calls it permanent white water. Permanent white water simply means that there is lot of flux and lot of activity in the water that is why it looks white, and we also hear a term VUCA world. It means Volatile, Uncertain world, where we need to constantly look for building the competency to respond to the constantly emerging new needs of the business requirements.

So, this is one model at which we can frame our situation, and look at who are those people, we need to make conscious of and highlight the need for change. Who need to be influenced about looking at the need for the changed process, what are the activities required so that the organization reaches to the another level of reality.

We look at some more sophisticated models, but this is the basic logic. Any change process starts with where we are, and ends at where we want to be. Many times, we do not articulate where we want to be. When the organizations do not know where they want to be, and at the same time are dissatisfied with the current situation, they end up having lot of in-fighting, they end up with having lot of conflicts.

But organizations which are clear about where they want to be, but they do not have the good understanding and appreciation of what they are today, they generally are not able to start the changed process. In those organizations, we see lot of failed initiatives. So, when organization is not clear about where they are and aspire to bring the changed process, there are possibility of lot of futile initiatives and failed initiatives. When organizations know where they are, but they do not have clarity or consensus about where they want to be – in such a scenario we witness in-fighting and hard feelings.

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Another approach of going about the changed process is action research approach. Now, action research approach has two elements: action and research. Action means managerial action. Action means whatever is required to be done in the situation where organization change is required. So, whether it is competence building, cost cutting, looking out for projects, looking out for new clients, etcetera, all that is action.

But what is the element of research in it? Research is, when we approach a problem – and it is not just a managerial problem, but a knowledge problem. So, it is not only about finding new projects or increasing the scope of existing projects – it is also about doing systematic data collection. After proper diagnosis we check whether our hypothesis about the change in the outcome are validated by this data or not.

So, this is much more systematic process where we identify the problem, and in consultation with internal stake holders and experts we get to know more about the problem. We unpack the problem and its nature.

Based on these insights and understanding, data gathering in primary diagnosis is done, which means we identify what is working, what are the factors, what are the supporting factors, what are the opposing factors, in order to achieve the change process working inside the organization and outside the organization. We collect feedback and do joint diagnosis with the organization. So, in action learning, in action research mode, the

external consultant and the organization, they collaborate more in terms of data collection as well as diagnosis and feedback.

Based on this feedback, they jointly come up with the action plan, and that action plan is much more informed in comparison to the conventional approach of action planning and problem solving, because it is supported by much more data and systematic analysis. So, naturally when you have sufficient data and more analysis, you build certain hypothesis. Based on those conversation, we get to know more about the situation, we get more data about, what is the situation, what are the likely ways of approaching these challenges and so we can develop some hypothesis.

Now, based on those hypothesis, a joint action plan is made and action is taken. After action is taken, we look at the outcome and that outcome helps us to recognize whether it is supporting the hypothesis or not. If it is supporting the hypothesis, we build further on that; if it is not supporting the hypothesis, that means action is not giving the desired result - the result which we expected at the time of making joint action plan. So we collect more data, we frame new hypothesis, and again the cycle starts with joint action planning action and data gathering.

So, it is like approaching organization development or change management problem not just as a manager, but as a reflective manager and a social scientist. Reflective manager and a social scientist are different from an activist manager. The manager who is too much into the action mode gives much lesser time in reflection. And then their focus and energy is more directed towards immediate problem solving. Whereas a reflective manager and a social scientist would like to look at the different interpretations, different possibilities. They will look at and connect to more number of experts, and through that approach they approach the business problem in a more holistic way, so that is the second way of approaching the long term process, long term change and planned change process which is action research model.

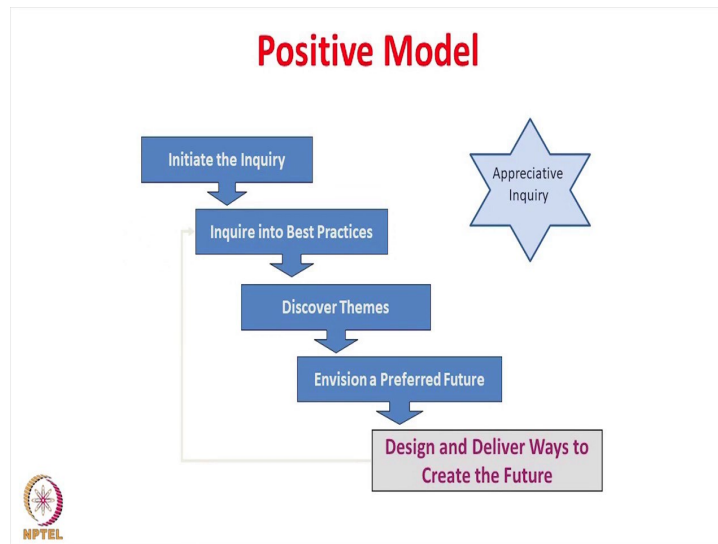
So, I would like to point out that emergence of action research, and another school of thought in the field of OD that is called socio-technical school (also known as Tavistock school), actually emerged together. There was an industrial situation in the coal mines near Tavistock, and owners and managers approached a local university.

In the local university, Professor Twist and his student approached this problem, and they came up with the insight that organizations are neither only social system, nor only a technical system. Organizations are social-technical systems where social system and technical system interact with each other and affect each other.

So, when they studied these coal mines and their challenges, they came up with this insight. And this was the emergence of the socio-technical school of thoughts in the field of organization development. And along with that the approach of action research also evolved in the late 50s and early 60s.

So, you can see that action research model involves diagnostics, it involves participation. So, it is participative in nature. It involves empirical approach, where you collect objective data about the situation, experiment with that data and based on that arrive at probable solutions. So, the element of diagnosis, participation, empirical and being experimental are the essence of action learning and action research modes of organization change process.

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More recent approach of model for change is termed as Positive Models. The basic tenet of Positive models is different from the conventional organization development of consulting engagement. What is that tenet?

Most of the consulting in organization development approaches start with the tenet that there is a problem and we need to solve it. Whereas positive model operates on a tenet that there must be something good happening in a system which is giving life to it. So, organizations are not basically problems to be solved, but they are miracles to be embraced.

So, you initiate an inquiry - not about what is not working well - you initiate the inquiry about what is working very well, what are the best practices? You inquire about best practices, what are the most promising pockets in the organization? Where is something wonderful happening and discover themes around those and envision the preferred future after this positive enquiry.

We know that if we keep thinking about problems and keep collecting data about what is not working well, naturally we cannot have a very grand and positive vision about the future. However, if we look at what is working well, what are the positive forces, our minds become prepared to think further and have a grand and more positive vision for the future. And based on this logic, there is a process called Appreciative Inquiry. Towards the later part of the course, we will have more discussion and case analysis about the Appreciative inquiry.

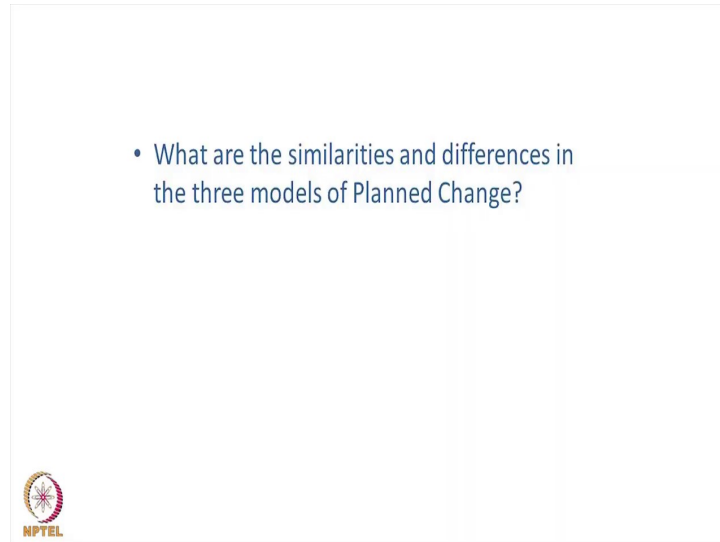
And in this process after envisioning a preferred future which is based on the positivity, which is based on the discovering the life giving forces in a system - design and delivery mechanism for creating the future is identified. So, if we have to apply this logic to the BizSoft, how we will go about it? First, we will identify the fields where BizSoft is doing very well.

What are the competencies, what are the projects, what are the clients, which are the sites, who are the people - we will talk, we will look at all these things where something very good is happening, something which is appreciable is happening. Based on that, we will identify what are the great things, what are the life giving sources to the system.

After identifying above - which is called discovery phase, we look at what are the themes in the discovery phase. What are the pockets and what are the themes of the greatness, what are the themes of the positivity and keeping that in view collectively in a collaborative manner, envisioning for the preferred future is done. After that envisioning is done, we identify who will do what and when. And you can see it is very different

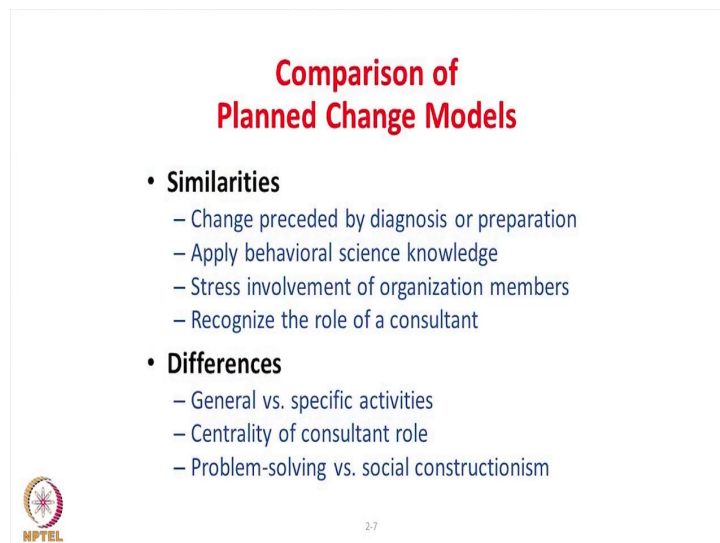
from the typical unfreezing, movement, change or action learning model. So, these are the three basic approaches you one can adapt for any planned change process.

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What are the similarities and differences in the three modes of planned change?

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The similarities are that change precedes by diagnosis or preparation. There has to be some prior work before a planned change or a long term changed process starts. We need to apply the behavioral science knowledge, how and where people are people get ready, and how people put in their effort for change process.

Stress involvement of organizational members. If you look at all the three models, they all talk about involvement of the people. It is not only through a top-down approach, any change process and planned change process at least, will be effective if human systems can work.

In all the three approaches, there is a recognition for the role of consultants. There are lot of conversations, and there can be many insights which can be brought by external consultants. That does not mean that external consultants might be knowing the job of the internal managers better than what managers know their jobs. However, consultants bring some insights or some frankness with which data is confronted, and they are less likely to be politically correct to speak up certain uncomfortable truths and give their observations.

But there is a difference as well in general versus specific activities. So, action learning projects can be related to more specific problems. Centrality of the consultant role, when atypical consulting mode is adopted, external consultant has a more active role; but when the positive model of change is adopted, consultants' role is more of a collaborator and a facilitator. The diagnosis and the defining of the intermission process is much more collaborative and participative.

Problem solving versus social constructionism. Action learning model, and the model given by Kurt Lewin both talk about solving problems. Whereas positive change model talks about the social construction of reality and building of the change agenda using positive stories and life giving experiences within the organization. So, these are the similarities and differences of the three approaches we just discussed.