Lesson 09

General Model of Planned Change

The three theories of planned change in organizations described above—Lewin's change model, the action research model, and contemporary adaptations to the action research model—suggest a general framework for planned change, as shown in Fig. 10. The framework describes the four basic activities that practitioners and organization members jointly carry out in organization development. The arrows connecting the different activities in the model show the typical sequence of events, from entering and contracting, to diagnosing, to planning and implementing change, to evaluating and institutionalizing change. The lines connecting the activities emphasize that organizational change is not a straightforward, linear process but involves considerable overlap and feedback among the activities.

Entering and Contracting:

The first set of activities in planned change concerns entering and contracting. Those events help managers decide whether they want to engage further in a planned change program and to commit resources to such a process. Entering an organization involves gathering initial data to understand the problems facing the organization or the positive opportunities for inquiry. Once this information is collected, the problems or opportunities are discussed with managers and other organization members to develop a contract or agreement to engage in planned change. The contract spells out future change activities, the resources that will be committed to the process, and how OD practitioners and organization members will be involved. In many cases, organizations do not get beyond this early stage of planned change because disagreements about the need for change surface, resource constraints are encountered, or other methods for change appear more feasible. When OD is used in nontraditional and international settings, the entering and contracting process must be sensitive to the context in which the change is taking place.
**Diagnosing:**
In this stage of planned change, the client system is carefully studied. Diagnoses can focus on understanding organizational problems, including their causes and consequences, or on identifying the organization's positive attributes. The diagnostic process is one of the most important activities in OD. It includes choosing an appropriate model for understanding the organization and gathering, analyzing, and feeding back information to managers and organization members about the problems or opportunities that exist.
Diagnostic models for analyzing problems explore three levels of activities. Organization issues represent the most complex level of analysis and involve the total system. Group-level issues are associated with department and group effectiveness. Individual-level issues involve the way jobs are designed.
Gathering, analyzing, and feeding back data are the central change activities in diagnosis. Describes how data can be gathered through interviews, observations, survey instruments, or such archival sources as meeting minutes and organization charts. It also explains how data can be reviewed and analyzed. Organization members, often in collaboration with an OD practitioner, jointly discuss the data and their implications for change.

**Planning and Implementing Change:**
In this stage, organization members and practitioners jointly plan and implement OD interventions. They design interventions to achieve the organization's vision or goals and make action plans to implement them. There are several criteria for designing interventions, including the organization's readiness for change, its current change capability, its culture and power distributions, and the change agent's skills and abilities. Depending on the outcomes of diagnosis, there are four major types of interventions in OD:

1. Human process interventions at the individual, group, and total system levels.
2. Interventions that modify an organization's structure and technology.
3. Human resource interventions that seek to improve member performance and wellness.
4. Strategic interventions that involve managing the organization's relationship to its external environment and the internal structure and process necessary to support a business strategy.

Implementing interventions is concerned with managing the change process. It includes motivating change, creating a desired future vision of the organization, developing political support, managing the transition toward the vision, and sustaining momentum for change.

**Evaluating and Institutionalizing Change:**
The final stage in planned change involves evaluating the effects of the intervention and managing the institutionalization of successful change programs. Feedback to organization members about the intervention's results provides information about whether the changes should be continued, modified, or suspended. Institutionalizing successful changes involves reinforcing them through feedback, rewards, and training. It demonstrates how traditional planned change activities, such as entry and contracting, survey feedback, and change planning, can be combined with contemporary methods, such as large-group interventions and high levels of participation.

**Different types of Planned Change:**
The general model of planned change describes how the OD process typically unfolds in organizations. In actual practice, the different phases are not nearly as orderly as the model implies. OD practitioners tend to modify or adjust the stages to fit the needs of the situation. Steps in planned change may be implemented in a variety of ways, depending on the client's needs and goals, the change agent's skills and values, and the organization's context. Thus, planned change can vary enormously from one situation to another.

To understand the differences better, planned change can be contrasted across situations on three key dimensions: the magnitude of organizational change, the degree to which the client system is organized, and whether the setting is domestic or international.

**Magnitude of Change:**
Planned change efforts can be characterized as falling along a continuum ranging from incremental changes that involve fine-tuning the organization to quantum changes that entail fundamentally altering how it operates. Incremental changes tend to involve limited dimensions and levels of the organization, such as the decision-making processes of work groups. They occur within the context of the organization's existing business strategy, structure, and culture and are aimed at improving the status quo. Quantum changes, on the other hand, are directed at significantly altering how the organization operates. They tend to involve several organizational dimensions, including structure, culture, reward systems, information processes, and work design. They also involve changing multiple levels of the organization, from top-level management through departments and work groups to individual jobs.

Planned change traditionally has been applied in situations involving incremental change. Organizations in the 1960s and 1970s were concerned mainly with fine-tuning their bureaucratic structures by resolving many of the social problems that emerged with increasing size and complexity. In those situations, planned change involves a relatively bounded set of problem-solving activities. OD practitioners are typically contracted by managers to help solve specific problems in particular organizational systems, such as poor communication among members of a work team or low customer satisfaction scores in a department store. Diagnostic and change activities tend to be limited to the defined issues, although additional problems may be uncovered and may need to be addressed. Similarly, the change process tends to focus on those organizational systems having specific problems, and it generally terminates when the problems are resolved. Of course, the change agent may contract to help solve additional problems.

In recent years, OD has been concerned increasingly with quantum change. The greater competitiveness and uncertainty of today's environment have led a growing number of organizations to alter drastically the way in which they operate. In such situations, planned change is more complex, extensive, and long term than when applied to incremental change. Because quantum change involves most features and levels of the organization, it is typically driven from the top, where corporate strategy and values are set. Change agents help senior managers create a vision of a desired future organization and energize movement in that direction. They also help executives develop structures for managing the transition from the present to the future organization and may include, for example, a variety of overlapping steering committees and redesign teams. Staff experts also may redesign many features of the firm, such as performance measures, rewards, planning processes, work designs, and information systems.

Because of the complexity and extensiveness of quantum change, OD professionals often work in teams comprising members with different yet complementary areas of expertise. The
consulting relationship persists over relatively long time periods and includes a great deal of renegotiation and experimentation among consultants and managers. The boundaries of the change effort are more uncertain and diffuse than in incremental change, thus making diagnosis and change seem more like discovery than like problem solving. It is important to emphasize that quantum change may or may not be developmental in nature. Organizations may drastically alter their strategic direction and way of operating without significantly developing their capacity to solve problems and to achieve both high performance and quality of work life. For example, firms may simply change their marketing mix, dropping or adding products, services, or customers; they may drastically downsize by cutting out marginal businesses and laying off managers and workers; or they may tighten managerial and financial controls and attempt to squeeze more out of the labor force. On the other hand, organizations may undertake quantum change from a developmental perspective. They may seek to make themselves more competitive by developing their human resources; by getting managers and employees more involved in problem solving and innovation; and by promoting flexibility and direct, open communication. That OD approach to quantum change is particularly relevant in today's rapidly changing and competitive environment. To succeed in this setting, major multinational organizations (firms such as General Electric, Kimberly-Clark, ABB, Hewlett-Packard, and Motorola) are transforming themselves from control-oriented bureaucracies to high-involvement organizations capable of changing and improving themselves continually.

**Degree of Organization:**

Planned change efforts also can vary depending on the degree to which the organization or client system is organized. In over organized situations, such as in highly mechanistic, bureaucratic organizations, various dimensions such as leadership styles, job designs, organization structure, and policies and procedures are too rigid and overly defined for effective task performance. Communication between management and employees is typically suppressed, conflicts are avoided, and employees are apathetic. In under organized organizations, on the other hand, there is too little constraint or regulation for effective task performance. Leadership, structure, job design, and policy are poorly defined and fail to control task behaviors effectively. Communication is fragmented, job responsibilities are ambiguous, and employees' energies are dissipated because they lack direction. Underorganized situations are typically found in such areas as product development, project management, and community development, where relationships among diverse groups and participants must be coordinated around complex, uncertain tasks.

In over organized situations, where much of OD practice has historically taken place, planned change is generally aimed at loosening constraints on behavior. Changes in leadership, job design, structure, and other features are designed to liberate suppressed energy, to increase the flow of relevant information between employees and managers, and to promote effective conflict resolution. The typical steps of planned change — entry, diagnosis, intervention, and evaluation — are intended to penetrate a relatively closed organization or department and make it increasingly open to self-diagnosis and revitalization. The relationship between the OD practitioner and the management team attempts to model this loosening process. The consultant shares leadership of the change process with management, encourages open communications and confrontation of conflict, and maintains flexibility in relating to the organization. When applied to organizations facing problems in being under organized, planned change is aimed at increasing organization by clarifying leadership rules, structuring communication...
between, managers and employees, and specifying job and departmental responsibilities. These activities require a modification of the traditional phases of planned change and include the following four steps.

1. **Identification:** This step identifies the relevant people or groups who need to be involved in the change program. In many under organized situations, people and departments can be so disconnected that there is ambiguity about who should be included in the problem-solving process. For example, when managers of different departments have only limited interaction with each other, they may disagree or be confused about which departments should be involved in developing a new product or service.

2. **Convention:** In this step the relevant people or departments in the company are brought together to begin organizing for task performance. For example, department, managers might be asked to attend a series of organizing meetings to discuss the division of labor and the coordination required to introduce a new product.

3. **Organization:** Different organizing mechanisms are created to structure the newly required interactions among people and departments. This might include creating new leadership positions, establishing communication channels, and specifying appropriate plans and policies.

4. **Evaluation:** In this final step the outcomes of the organization step are assessed. The evaluation might signal the need for adjustments in the organizing process or for further identification, convention, and organization activities.

In carrying out these four steps of planned change in under organized situations, the relationship between the OD practitioner and the client system attempts to reinforce the organizing process. The consultant develops a well-defined leadership role, which might be autocratic during the early stages of the change program. Similarly, the consulting relationship is clearly defined and tightly specified. In effect, the interaction between the consultant and the client system supports the larger process of bringing order to the situation.

**Domestic vs. International Settings:**
Planned change efforts traditionally have been applied in North American and European settings but increasingly are used outside of those cultures. Developed in western societies, the action research model reflects the underlying values and assumptions of these geographic settings, including equality, involvement, and short-term time horizons. Under such conditions, the action research model works quite well. In other societies, however, a very different set of cultural values and assumptions may operate and make the application of OD problematic. For example, the cultures of most Asian countries are more hierarchical and status conscious, are less open to discussing personal issues, more concerned with saving “face,” and have a longer time horizon for results. Even when the consultant is aware of the cultural norms and values that permeate the society; those cultural differences make the traditional action research steps more difficult for a North American or European consultant to implement.

The cultural values that guide OD practice in the United States, for example, include a tolerance for ambiguity, equality among people, individuality, and achievement motives. An OD process that encourages openness among individuals, high levels of participation, and actions that promote increased effectiveness are viewed favorably. The OD practitioner is also assumed to hold those values and to model them in the conduct of planned change.
Most reported cases of OD involve western-based organizations using practitioners trained in the traditional model and raised and experienced in western society. When OD is applied outside of the North American or European context (and sometimes even within those settings), the action research process must be adapted to fit the cultural context. For example, the diagnostic phase, which is aimed at understanding the current drivers of organization effectiveness, can be modified in a variety of ways. Diagnosis can involve many organization members or include only senior managers; be directed from the top, conducted by an outside consultant, or performed by internal consultants; or involve face-to-face interviews or organization documents. Each step in the general model of planned change must be carefully mapped against the cultural context.

Conducting OD in international settings is highly stressful on OD practitioners. To be successful, they must develop a keen awareness of their own cultural biases, be open to seeing a variety of issues from another perspective, be fluent in the values and assumptions of the host country, and understand the economic and political context of business there. Most OD practitioners are not able to meet all of those criteria and adopt a "cultural guide," often a member of the organization, to help navigate the cultural, operational, and political nuances of change in that society.

Critique of Planned Change:
Despite their continued refinement, the models and practice of planned change are still in a formative stage of development, and there is considerable room for improvement. Critics of OD have pointed out several problems with the way planned change has been conceptualized and practiced.

Conceptualization of Planned Change:
Planned change has typically been characterized as involving a series of activities for carrying out effective organization development. Although current models outline a general set of steps to be followed, considerably more information is needed to guide how those steps should be performed in specific situations. In an extensive review and critique of planned change theory, Porras and Robertson argued that planned change activities should be guided by information about (1) the organizational features that can be changed, (2) the intended outcomes from making those changes, (3) the causal mechanisms by which those outcomes are achieved, and (4) the contingencies upon which successful change depends. In particular, they noted that the key to organizational change is change in the behavior of each member and that the information available about the causal mechanisms that produce individual change is lacking. Overall, Porras and Robertson concluded that the necessary information to guide change is only partially available and that a good deal more research and thinking are needed to fill the gaps.

A related area where current thinking about planned change is deficient is knowledge about how the stages of planned change differ across situations. Most models specify a general set of steps that are intended to be applicable to most change efforts. We already know, however, how change activities can vary depending on such factors as the magnitude of change, the degree to which the client system is organized, and whether change is being conducted in a domestic or an international setting. Considerably more effort needs to be expended identifying situational factors that may require modifying the general stages of planned change. That would likely lead to a rich array of planned change models, each geared to a specific set of situational conditions. Such contingency thinking is sorely needed in planned change.
Planned change also tends to be described as a rationally controlled, orderly process. Critics have argued that although this view may be comforting, it is seriously misleading. They point out that planned change has a more chaotic quality, often involving shifting goals, discontinuous activities, surprising events, and unexpected combinations of changes. For example, managers often initiate changes without clear plans that clarify their strategies and goals. As change unfolds, new stakeholders may emerge and demand modifications reflecting previously unknown or unvoiced needs. Those emergent conditions make planned change a far more disorderly and dynamic process than is customarily portrayed, and conceptions need to capture that reality.

Finally, the relationship between planned change and organizational performance and effectiveness is not well understood. OD traditionally has had problems assessing whether interventions are producing observed results. The complexity of the change situation, the lack of sophisticated analyses, and the long time periods for producing results have contributed to weak evaluation of OD efforts. Moreover, managers have often accounted for OD efforts with post hoc testimonials, reports of possible future benefits, and calls to support OD as the right thing to do. In the absence of rigorous assessment and measurement, it is difficult to make resource allocation decisions about change programs and to know which interventions are most effective in certain situations.

Practice of Planned Change:
Critics have suggested several problems with the way planned change is carried out. Their concerns are not with the planned change model itself but with how change takes place and with the qualifications and activities of OD practitioners.

A growing number of OD practitioners have acquired skills in a specific technique, such as team building, total quality management, large-group interventions, or gain sharing and have chosen to specialize in that method. Although such specialization may be necessary, it can lead to a certain myopia given the complex array of techniques that make up modern OD. Some OD practitioners favor particular techniques and ignore other strategies that might be more appropriate, tending to interpret organizational problems as requiring the favored technique. Thus, for example, it is not unusual to see consultants pushing such methods as diversity training, reengineering, organization learning, or self-managing work teams as solutions to most organizational problems.

Effective change depends on a careful diagnosis of how the organization is functioning. Diagnosis identifies the underlying causes of organizational problems, such as poor product quality and employee dissatisfaction. It requires both time and money, and some organizations are not willing to make the necessary investment. Rather, they rely on preconceptions about what the problem is and hire consultants with skills appropriate to solve that problem. Managers may think, for example, that work design is the problem, so they hire an expert in job enrichment to implement a change program. The problem may be caused by other factors such as poor reward practices, however, and job enrichment would be inappropriate. Careful diagnosis can help to avoid such mistakes.

In situations requiring complex organizational changes, planned change is a long-term process involving considerable innovation and learning on site. It requires a good deal of time and commitment and a willingness to modify and refine changes as the circumstances require. Some organizations demand more rapid solutions to their problems and seek quick fixes from experts. Unfortunately, some OD consultants are more than willing to provide quick solutions. They sell prepackaged programs for organizations to adopt. Those programs appeal to managers because they typically include an explicit recipe to be followed, standard
training materials, and clear time and cost boundaries. The quick fixes have trouble gaining wide organizational support and commitment, however, and they seldom produce the positive results that have been advertised.

Other organizations have not recognized the systemic nature of change. Too often they believe that intervention into one aspect or subpart of the organization will be sufficient to ameliorate the problems, and are unprepared for the other changes that may be necessary to support a particular intervention. For example, at GTE of California, the positive benefits of an employee involvement program did not begin to appear until after the organization redesigned its reward system to support the cross-functional collaboration necessary to solve highly complex problems. Changing any one part or feature of an organization often requires adjustments in the other parts to maintain an appropriate alignment. Thus, although quick fixes and change programs that focus on only one part or aspect of the organization may resolve some specific problems, they generally do not lead to complex organizational change or increase members’ capacity to carry out change.

Case: The Dim Lighting Co.

The Dim Lighting Company is a subsidiary of a major producer of electrical products. Each subsidiary division operates as a profit center and reports to regional, group, and product vice presidents at corporate headquarters. The Dim Lighting subsidiary produces electric lamps and employs about 2,000 workers. The general manager is Jim West, an MBA from Wharton, who has been running this subsidiary successfully for the past five years. However, last year the division failed to realize its operating targets, and profit margins dropped by 15 percent. In developing next year’s budget and profit plan, Jim West feels that he is under pressure to have a good year because two bad years in a row might hit his long-term potential for advancement.

Mr. Spinks, Director of R&D

Robert Spinks, director of R&D, was hired by West three years ago, after resigning from a major competitor. Mr. Spinks has received a number of awards from scientific societies. The scientists and engineers in his group respect his technical competence and have a high level of morale.

Although Spinks is recognized as a talented scientist, other managers feel that he is often autocratic, strong-willed, and impatient. Spins left his former company because management lacked creativity and innovation in R&D.

The Proposal

Spinks has submitted a budget request for a major research project, the miniaturization of lighting sources so as to greatly reduce energy requirements. He sees this as the Lamp of the Future. The proposed budget requires $250,000 per year for two years, plus another $300,000 to begin production. Jim West immediately contacted corporate headquarters, and although top management praised the idea, they were reluctant to spend on the proposed project. Spinks feels the project has a 70 percent chance of success, and will develop a net cash flow of $1 million by the third year.

The Budget Meeting

West called a meeting of his management group to discuss the proposed budget. Spinks presented a well-reasoned and high-powered sales pitch for his project. He suggested that the energy crunch had long-term implications, and if they failed to move into new technologies, the firm would be competitively obsolete.

Carol Preston, accountant, presented a financial analysis of the proposed project, noting the high risk, the uncertain results, the length of time before it would contribute to operating profits. “These scientists are prima donnas, who can afford to wait for long-term results.
Unfortunately, if we don’t do something about the bottom line right now, we may not be here to enjoy it,” she noted.

Bill Boswell, production manager, agreed with Preston: “We need new machinery for our production line also, and that has a very direct payback.”

Pete Newell, marketing, agreed with Spinks: “I don’t feel we can put our heads in the sand. If we don’t keep up competitively, how will our salespeople be able to keep selling obsolete lighting products? Besides, I’m not sure that Carol’s figures are completely accurate in measuring the actual return on this low-energy project.” A stormy debate followed, with heated arguments both for and against the project, until West called the meeting to a halt.

Later, thinking it over in his office, West considered the situation. Going ahead with the micro-miniaturization project was a big gamble. But if he decided against it, it was quite possible that Spinks would resign, which would shatter the R&D department he had worked so hard to assemble.

Case Analysis Form:
Name: ________________

I. Problems
   A. Macro
      1. _____________________________________________________________
      2. _____________________________________________________________

   B. Micro
      1. _____________________________________________________________
      2. _____________________________________________________________

II. Causes
    1. _____________________________________________________________
    2. _____________________________________________________________
    3. _____________________________________________________________

III. Systems affected
     1. Structural ____________________________________________________
     2. Psychosocial __________________________________________________
     3. Technical _____________________________________________________
     4. Managerial ____________________________________________________
     5. Goals and values _______________________________________________

IV. Alternatives
    1. _____________________________________________________________
    2. _____________________________________________________________
    3. _____________________________________________________________

V. Recommendations
    1. _____________________________________________________________
    2. _____________________________________________________________
    3. _____________________________________________________________
Case Solution: The Dim Lighting Co.

I. Problems:
A. Macro
1. Will Dim Lighting be reactive?
2. Will Dim Lighting be proactive?

B. Micro
1. Will Jim West be influenced by thoughts of what a second year of un-obtained targets will do to his career in making this budget decision?
2. West feels threatened every time Spinks does not receive his demands or “wish list.”

II. Causes:
1. Previous unprofitable year.
2. Spinks’ past history of leaving a company that “lacked creativity and innovation”.

III. Systems affected:
1. Structural – the structure is a traditional functional structure. This may not encourage the development of new products and ideas.
2. Psychosocial – other departments feel threatened by Spinks. Also, Jim West feels he is under pressure to improve the profit margins immediately.
3. Technical – both the production manager and Spinks want money to upgrade technical aspects of the company.
4. Managerial – West feels caught between being innovative and trying to improve the bottom line immediately.
5. Goals and values – corporate headquarters does not seem to value risk taking and moving into new projects. If their rejection of the lighting proposal is indicative of their decisions, the company as a whole may become entrenched in old technology.

IV. Alternatives:
1. Before making a budget decision, West should contact corporate offices to see if additional funds are available for R&D. Spinks’ project would have a long-term effect on entire industry and possibly the parent company would contribute to the R&D project.
2. If additional funds are unavailable, the budget committee needs to make some compromises and come to a consensus-it should not be an all-or-nothing proposition. Funds should be allocated for both R&D and for upgrading essential equipment.
3. West should also ask the accountant, Preston, to make a three-tiered analysis of the project: (1) best-case scenario, (2) worst-case scenario, and (3) probable scenario.
4. West also needs to resolve his mixed feelings about the possibility of Spinks leaving. West needs to approach Spinks, praising him for what he has accomplished in the R&D department and asking him to help spread that high degree of morale across the company. West needs to make Spinks an ally rather than a potential deserter.

V. Recommendations:
1. First try to obtain additional funds from parent company.
2. If additions are not available, obtain a consensus from the budget committee. Compromises will have to be made on length of time for R&D projects, what equipment is needed, etc.