

Challenges to the Implementation of Major Change Initiatives

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Challenges to Implementation

The record of success and failure

Common causes of failure

Why does failure continue?

Empowerment vs. Control

Obstacles to empowerment

Management fashions and their effects

Evidence for effectiveness

Slack et al.

- **“Some studies show that the vast majority of companies implementing ERP are disappointed ...”**
- **“2/3 of quality programmes grind to a halt ...”**

Schroeder

- **“Only 1/3 of companies obtain significant results from quality improvement projects”**

Sun et al. 2004 (The trajectory of implementing ISO 9000 standards versus Total Quality Management in Western Europe)

- **Little performance benefit from TQM or ISO9000 in 1990's, but some hopeful signs recently**

Kale 2004

- **60% to 80% of CRM projects fail to achieve their objectives**

Etc. etc.

It is easy to find success stories for all the common approaches to organisational performance improvement. It is also very easy to find evidence for widespread failure.

Commonly-identified causes of failure

Goals

- **Not clear**
- **Not aligned with organisation's strategy**
- **Not customer-centric**

Problems with Top Management Support / Leadership

Understanding of project scope

Poor communication

Insufficient training

Effectiveness of project work-groups / teams

- **Cross-functional barriers**
- **Management interference**

Poor project management disciplines

Challenges to Implementation3

Many authors have researched the factors which lead to success or failure. This slide pulls together the some of the most frequently identified causes of failure, from the sources on the previous slide, and other academic and commercial sources.

Project goals:

- Must be clearly defined and communicated to everyone involved.
- Must be aligned with the organisation's strategy. In terms of this course, project goals should ideally be derived from agreed improvement priorities. These could be expressed in terms of the 5 operational competitive objectives¹, and/or the results of a performance - importance analysis.
- Should have clear positive consequences for the customer as well as the business.

Top management support / leadership:

Top management should be visibly committed, and show consistent support for the change process. The following kinds of pattern are common, but are likely to cause difficulties:

- Participation in steering committees or other top-level project meetings becomes less frequent as time passes.
- Participation in top-level meetings is delegated to subordinates.
- Senior management respond to "critical events" outside the change programme, by diverting priority and project resources to short-term corrective action.

¹ From Slack, Chamber & Johnston: Quality, speed, dependability, flexibility and cost.

Understanding of project scope:

The kinds of change we are talking about should have far-reaching consequences throughout the organisation. However, the implications of the changes are often interpreted too narrowly. For example:

- Quality improvement projects are not just about conformance to specification, and are not purely the concern of the Quality Assurance function. However they are often treated in that way.
- Similarly, changes, with a large IT component, such as ERP or CRM, are often treated as if they are mainly the concern of the IT function. The IT function is given the main responsibility for success, but success depends on business process and organisational changes, where the IT function has relatively weak influence.

Communication:

Kotter (1995) talks about organisations "undercommunicating by a factor of 10". There should be regular communication, reaching all people who are potentially involved or affected, about:

- Strategy
- Project goals and expected benefits
- Project organisation and working approach
- Plans and timescales
- Progress and successes
- Training plans
- Impact on those involved. This should include possible negative aspects, otherwise mistrust may be created in all the messages which are communicated

Although direct "broadcast" communication by senior management has a role, it is better if much of the detail is communicated downward in stages, through a "ladder". People are briefed by a person they deal with regularly in the normal course of work. This has the following benefits:

- Messages are more likely to be expressed in terms which the recipients understand and accept.
- Trust is more easily established.
- It is easier to resolve doubts and confusion in an environment where open discussion can take place.

Training:

A lack of success can be caused by insufficient training. This can have two dimensions:

- Training for team members, in the concepts, techniques and tools, which will be used during the development and implementation of changes. Examples could include TQM techniques, or project management tools.
- Training in the specific new processes which are implemented as a result of the change.

Effectiveness of project work groups and teams:

Teams do not automatically work together towards common objectives:

- People may continue to act primarily as defenders of the interests of their business functions.
- Excessive interference by management can prevent the team from developing its own self-motivated priorities.
- If teams are not helped to find constructive ways of dealing with differences in opinion and personal style, interpersonal difficulties may prevent effective teamwork.

Project management:

This is a large subject on its own. It overlaps with several of the other headings on this slide. Project management methods should be adopted, which are appropriate to the type of change programme². Methods may be different for a TQM programme, which may involve a number of relatively small and independent improvement projects, compared with an ERP implementation, where the final implementation may be dependent on hundreds of preceding activities.

Failure to adopt, and stick to, good practices in this area, can undermine all aspects of the project: timescales, costs, the quality of the outcomes, and the perceived effectiveness of the project (the project "service experience").

Why?

- **The picture has not changed much in 25 years**
 - **Success rates**
 - **Diagnosis**
- **Many organisations have tried many change initiatives with limited results**
 - **Behaviour patterns during change repeat themselves**
- **Surely the success rate should improve?**
 - **Learning from experience**
 - **Organisational "Darwinism"**

Challenges to Implementation4

Most of the items on the previous slide have been identified repeatedly over at least the last 25 years. The lecturer has noticed that, in some organisations, successive attempts to change the organisation have been made, using different approaches, but none of

² Project Management, and the tailoring of project management methodologies to specific projects, are covered on another course.

them have delivered the results which were hoped for. It often appears that little is learnt from previous change initiatives, when starting a new one.³

One might expect that people would learn to avoid known patterns of behaviour which contribute to failure. Also, one would expect that organisations with effective patterns of behaviour would prosper and survive at the expense of others, so that the effective patterns would become dominant. However, it is difficult to find conclusive evidence that this is the case.

The rest of this lecture examines some possible reasons for the persistence of the problem.

Note that nothing I say after this is intended to undermine or deny the points on the "commonly-identified causes" slide. I agree that organisations, which do these things well, are more likely to succeed in improving their performance. The question is: why are these things so often not done, or done badly, when managers, consultants and academics have been talking about them for many years?

Empowerment vs. Control

Participation in decision-making smooths implementation
- Kurt Lewin (1947); Coch & French (1948)

Empowerment and internal commitment as key themes

- Quality movement
- BPR
- Theories of groups in organisations
- ...

Links to management styles / theories

- Controlling vs. Integrating styles
- McGregor (1987) Theory X / Theory Y
- Argyris (1974) Model I / Model II
- Rational vs. normative ideologies of management (Barley & Kunda 1992)

Model 2 is necessary to ensure responsible adult behaviour in organisations !!! (Argyris)

Challenges to Implementation 5

There is a related group of ideas, with a long history, which is addressed by many authors on organisations. These authors approach things from many different perspectives, so they don't all say the same thing. However, we can see a set of "governing principles" which appear in TQM, BPR, systems implementation methodologies, and several other areas. These principles can be summarised roughly as follows:

³ I would admit that good research into this is difficult to find in the literature. It is methodologically difficult to investigate patterns of behaviour within one organisation over many years.

(1) People contribute more to organisational effectiveness if they have some influence over their own destiny.

Research by Kurt Lewin and his associates, over 50 years ago, showed that a change achieves better results, if those affected by the change can participate actively in the decisions about the change.

This leads naturally to more recent ideas about empowerment. Changes are more likely to be effective, if as much of the details as possible are decided by people who are closely involved with the affected areas. If everything has to be referred to a higher level for approval, it reduces the sense of commitment and ownership, among the people who have the biggest role in making the change happen. It also obviously slows everything down.

In this view, management at each level defines principles which their subordinates must work to achieve. They give their subordinates authority and resources to work out how to achieve these principles. Also, when decisions must be made at a higher levels, the views of the lower levels are listened to seriously before a decision is made.

At the heart of this is the idea of psychological commitment - this is encouraged by participative processes for defining and choosing options which:

- Feel "legitimate" because the participants (a) feel that they have the possibility of real influence, and (b) feel that everybody involved ended up understanding each other's viewpoint.
- Involve a group process, which creates a sense of collective responsibility for the outcome, even when individual participants may not have achieved their preferences for the chosen options. Any later back-tracking from decisions will take place under the gaze of others.
- Require an investment of time and effort from the participants.

(2) "The capacity for creativity in solving organisational problems is distributed widely in the population" (McGregor)

If a required change affects people in a number of different roles, these people will have many different types of skill and knowledge which are relevant to the problems at hand. Also, the capacity to think imaginatively about problems is not restricted to those with high salaries or good educational qualifications. Experiences with TQM, and a number of the "Japanese" business excellence philosophies, have demonstrated the remarkable contributions which can be made by people from all roles and levels in an organisation.

(3) The "machine metaphor" for organisations inhibits constructive change

A number of authors have analysed theories of management on the basis of two opposing sets of beliefs about managing people. Each author has a different emphasis, and it is not completely clear that, for example, managers who conform to Argyris' "Model I" also tend to adopt Barley and Kunda's "rational" practices. However, purely as an introduction, it is useful to consider these ideas together .

The **Controlling** style is based on viewing the organisation as a machine. To understand some of its early roots, do an internet search on "Taylorism" or "Scientific Management". It is based on the following assumptions:

- An individual manager is supposed to be in control of the outcomes in his area of responsibility. He monitors, decides and gives instructions. He has the right to intervene in anything which affects the performance in his area.

- The objectives of the organisation must be broken down into its components, and distributed among the individuals. A person should concentrate on succeeding in what they are responsible for. Shared responsibilities are best avoided.
- By implication, the need for consultation, and sharing of information by managers, is therefore limited.
- The average person is lazy, must be directed, and lacks ambition.
- The average person is motivated mainly by money and security.
- Open consideration of emotional factors, and higher psychological needs (e.g. Maslow 1987), should be avoided.

In contrast, we can distinguish an **Integrating** style. Its governing assumptions are that:

- Principles (1) and (2) (stated above) are usually valid.
- Decisions should be based on all relevant and accurate information.
- By implication, responsibility in important decisions is therefore often shared. Information should be made available to everyone who might be able to use it constructively.
- People start off by wanting to do a good job.
- People's capacity for intellectual effort, self-direction and self-control is often under-utilised.
- Work can reward people, and encourage them, in many ways, including social relationships, the development of self-esteem, and opportunities to achieve more of one's potential.

A large body of research points to the effectiveness of the Integrating style. Argyris suggested that "Model 1", a version of the controlling style, promotes irresponsible and non-adult behaviour. Some of you may have thought "why can't these people grow up?" when you've read some of my case studies.

Summaries of the ideas of Maslow, McGregor and Argyris can be found in most good Organisational Behaviour textbooks - e.g. L.J. Mullins: Management and Organisational Behaviour.

Controlling style survives

Argyris:

- **Managers' *espoused theories* and *theories-in-use* are not usually the same**
- **Espoused theories may be model II**
- **Theories-in-use are generally model I**

Barley & Kunda:

- **Oscillating "fashions", between "rational" (control) and "normative" (promoting self-motivation)**
- **Evidence that "rational" is always dominant**

Hayes & Walsham (2000)

- **Managers can talk both models at the same time**

Argyris found that most managers operate from two sets of beliefs simultaneously:

- Their **espoused theory**: The values, beliefs and principles which they said they followed.
- Their **theory-in-use**: The implicit assumptions which were consistent with the way they actually behaved.

Espoused theories varied greatly, but theories-in-use were nearly always model I / Controlling.

Barley and Kunda researched the predominant management philosophies which were propounded in the United States over a long period. They found a tendency for the predominant "rhetoric" to oscillate between rational styles (related to our Controlling style), and normative styles (related to the Integrating style). They found evidence that Rational approaches dominated, even during periods when academic and media attention was on Normative approaches.

The Hayes and Walsham study looked at management behaviour following a transformative change in a pharmaceutical company, based on empowerment, and the use of groupware systems for cooperative working. They found that managers could switch rapidly between the language of empowerment (Integrating) and the language of control, at times almost within the same sentence. The resulting inconsistency in leadership appeared to play a significant part in the rather confused outcomes of the change initiative.

Causes

Power, influence and power shifts (Hosking & Morley 1991)

- Power resides in control of resources, knowledge, skills and alliances
- All of these are affected by change

Basic assumptions about human nature, behind the models, are not challenged or changed (Argyris)

Personal observation (do not reference!)

- Empowerment gives power to local knowledge which is otherwise suppressed (Humphreys & Nappelbaum)
- Limits scope for standardisation, increases complexity / cost
- Causes return to "control" style when obstacles are encountered

It is always dangerous to introduce ideas about power and influence unless one has a lot of time to discuss what one means, which we don't. Hosking and Morley take a typical contemporary view, in which power is:

- Not necessarily negative. It is about agency, the possibility of doing things. It involves "power to ..." as well as "power over ...". This is the kind of "power" which is in the word "empowerment".
- Something very complex, which can arise from factors other than hierarchical position. These can include:

Control of resources. A person can influence the priorities of other people, through social influence which does not come from their rank. Major organisational changes generally affect the span of control of many people.

Special knowledge and skills. We need to think particularly about informal or tacit knowledge here. A manager, who is very good at sorting out short-term crises, may be extremely valuable in a chaotic and under-performing organisation. A quite authoritarian style often works quite well in this setting. If an organisation introduces almost any of the approaches we have discussed on this course, it will tend to:

Replace individual judgement by standardised procedures, often including automation of previously human aspects of decision-making.

Insist on the documentation and sharing of knowledge.

Insist on a move towards non-authoritarian styles.

To put it dramatically, this is a theft of skills from the individuals. The skills that have given them their role and influence in the organisation are being devalued by the new approach. As a life experience, it could be like being in the Enron pension scheme - you think you have a safe investment, but then...

Alliances: Power is frequently based on alliances, which do not necessarily follow the formal organisational structure. However, a person's alliances can be disrupted by restructuring and redundancies, even if that person retains an equivalent position

in the organisation. Alliances can also be disrupted when people are assigned to project roles. This will often change their objectives and priorities, undermining the basis of mutual self-interest on which the alliances are based⁴.

For all these reasons, major changes are likely to undermine the influence of the powerful, whether that power is formal or informal. Some measure of resistance is therefore not surprising.

Argyris observed that people's assumptions about human nature, which lie behind their theories-in-use, are seldom brought to the surface and discussed. As a result, they remain in place, unchallenged, and continue to exert a strong influence.

I have formed another view based on observations, and a range of academic reading, about change in complex international organisations. All such organisations have considerable local differences. These can arise in various ways:

- Differences in process requirements, driven by product / service differences, and associated variations in industry norms. One organisation I worked with had divisions concerned with industrial safety equipment, and medical equipment. There was an overlap in technology and critical competences, but a profound difference in process requirements.
- Differences in history, leading again to differences in culture, particularly where a group has grown by acquisition. Another organisation had, within one product sector, operating units which had had been owned by other American, French and British companies, and acquired within the last 5 years.
- Differences in national legal requirements and accepted business practices. This tends particularly to affect the financial and commercial areas. Variations in practices on supplier payment, and pricing structure in some industry sectors, are significant even within the EU.
- National differences in what is regarded as acceptable or desirable business practice can arise from deep-rooted cultural differences, or from short-term effects, arising for example from media focus on specific issues. Attitudes to group or individual incentive schemes are culturally dependent, for deep-rooted reasons (Trompenaars 1993). I've also observed that, for example, German and British practices on health and safety tend to emphasise different things, although it would be difficult to prove that either culture was less effective in the long run.

Almost inevitably, the decision process, for the initiation of major change projects across the organisation, tends to filter out the effects of local differences. Organisations do not have the time or resources to analyse the impact properly. Certain assumptions tend to be built into the planned budgets, timescales and outcomes:

- There will be more scope for standardisation of processes and technical components than is in fact the case.
- Replication of a solution developed in one part of the organisation, to other parts, will be simpler than is in fact the case.
- In considering the people aspects of change, account will not be taken, of the full range of potential causes of anxiety and resistance.

⁴ This is a rather Western and individualistic view of the matter, which may not hold good in all cultures.

An organisation embarking on this type of change initiative may well incorporate aspects of the integrative approach into its project practices. However, problems emerge. The empowered local people develop plans, which they regard as essential, which undermine the planned budget, timescales and benefits.

At this point, the leaders of the overall projects, who have proposed the original business case to people even more senior and powerful, often revert to a controlling style, as the only perceived way of achieving their performance objectives.

Causes (2)	
Management fashions (Kieser, 1997; Abrahamson & Fairchild, 1999)	
<ul style="list-style-type: none"> • Bandwagon provides benefits for all participants • Based on “rhetoric”: persuasive language, but does not necessarily depend on evidence <ul style="list-style-type: none"> - Ideas presented as the only solution to an urgent threat - It is implied that the solution is universally applicable - Choosing a good name - Seminars as rituals • Irrational learning during the growth phase: discussion is uncritical and emotionally charged • Ambiguity and puzzles, requiring the use of experts • Benefits for managers under pressure <ul style="list-style-type: none"> - Safety: popularity of approach justifies course of action - Package solution reduces the need for manager to think about and analyse problems themselves 	
Disillusionment during the downswing - potential benefits are ignored	
<small>Challenges to Implementation</small>	<small>8</small>

Another significant issue is that sound ideas get converted into management fashions, and that has negative consequences.

The cited authors have both found evidence that many well-known management ideas have been promoted in a way which encourages failure and disillusionment. When a new idea is developed, there are always people watching and waiting to find opportunities to further their own careers and income. To quote Kieser, the natural result is as follows:

A management fashion is conceptualised as forming an arena in which different groups of participants bustle about: consultants, professors, managers, editors of management magazines, publishers, commercial seminar organisers, organisers of internet forums. etc.. The participants can achieve their individual goals of highest possible profit, public image, power or career by widening the arena through luring further participants into it. For this purpose they play principally co-operative games.

The result is that rhetoric is constructed to lure in other participants. Rhetoric is an old term for persuasive language. It may include the use of factual evidence, but only where it is useful. It includes many other persuasive techniques. Although the word is Greek, you will find expositions of rhetorical techniques in other developed classical cultures. It is very different from evidence-based enquiry into what works and what does not.

Management fashions generally use a particular rhetorical structure, which is visible in many "management best-sellers" which are sold in airport book-shops. Kieser examines these in detail. Key points include:

- It is important to identify an urgent threat to the target organisations, and present your ideas as an essential response for the reader's own organisation. In the United States in particular, the rise of Japanese manufacturing industry served this function over a long period. Globalisation, and the rise of the Internet, have also served this purpose more recently.
- Often, parts of the ideas are described very clearly, but some aspects will be confusing or ambiguous. There is always something missing from the roadmap. The gap must be filled by an expert with special insight.
- Seminars reinforce belief, and the solidarity of the followers of the fashion, through a ritual aspect. This includes the presentation of the keynote speaker or guru in an almost religious manner.

There is a lack of rational, objective discussion of the fashion during its growth phase. To quote Abrahamson & Fairchild:

Emotionally charged and largely uncritical discourse vaunting the quasi-magical potential of a management technique characterises the upswing of a fashion wave

...

In the present world, many managers are always under great pressure to improve their organisation's performance. They must be seen to do something, and management fashions are very useful:

- Adopting an approach which currently has widespread approval is safe: it is difficult to question a manager's judgement when they do so.
- The fashion provides a pre-packaged set of problems, causes and solutions. This reduces the need for the manager to work these things out for themselves in their own organisation. The need is further reduced by the requirement for outside experts to do the thinking.

Most popular management theories do in fact contain many excellent ideas, which can provide major benefits. All fashions eventually enter a downswing. Abrahamson and Fairchild found that, during this phase, discussion tended to be rational and critical. The emphasis tends to be on the failures of the approach, rather than its successes. As a result, the approach is no longer used in situations where it is highly relevant.

It follows from all these factors, that many organisations will adopt management fashions based on uncritical and overstated assessments of benefits, and for psychological and political reasons which are unconnected with the benefits. It is therefore not surprising that an approach is later seen to have failed, when it does not achieve the large expected benefits. The magical properties of the fashion also encourage its use in situations where it is in fact not particularly useful. I will admit that I did this myself with various aspects of lean manufacturing at one stage.

Conclusion

It is difficult to see any quick and easy way out of these problems. In an organisation dominated by a controlling style, even talking about these things can be seen as a challenge to senior management authority, and lead to negative reactions. Some

organisations do succeed in adopting an integrative approach, but it is difficult to identify the success factors in this. It is entirely possible that the balance between controlling and integrative approaches is slowly shifting, although this is difficult to prove: large-scale research to determine theories-in-use, rather than espoused theories, would inevitably be expensive and time-consuming.

Awareness of the concept of management fashions seems to be now quite widespread among managers, so one could expect increased levels of healthy scepticism. We can see this in the following extract from *Management Today* (Crainer, 1996):

Instead of seeking out approaches which are appropriate to their businesses, managers appear in perpetual search of the holy grail of management. It is not that these various ideas - whether re-engineering, empowerment or TQM - are poor concepts. Many do work, but not if they are set in tablets of corporate stone. They have to be open to flexible interpretations, and used when needed, rather than as all-encompassing 'solutions'. Becoming the slavish disciple of a particular managerial luminary is likely to end in commercial disaster.

However, the economic and psychological benefits of the fashion phenomena to its participants may be so great that the phenomenon will persist for a long time. After all, we've had fashions in clothes for thousands of years, even though the phenomenon has been recognised, and criticised, for almost as long.

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