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Is change management obsolete?

Christopher G. Worley *, **Susan A. Mohrman**

Center for Effective Organizations, University of Southern California, 3415 S. Figueroa St., DCC 200, Los Angeles, CA 90089, United States

Too many articles about organization change begin with the ominous: 70 percent of large-scale change efforts fail to meet their objectives. The source of this finding may be ambiguous, but its implication is clear: managing change in large organizations is hard. However, instead of standing back and asking the double loop learning "is change management the right approach?" question, they engage in single loop revisions of practices, tools, or processes that are intended to drastically increase the odds of success. Unfortunately, this may be the practical equivalent of making a better buggy whip.

That is because in today's world, if you ask managers about the nature of their environmental and marketplace demands, you are likely to get answers like "chaotic, uncertain, constantly changing, disruptive, and complex." The leap in complexity, connectivity, interdependency, and speed, compared to 20 or 30 years ago, has created an environment that is radically different and requires new approaches to change.

Undaunted, and in the face of a steady stream of diverse and overlapping change requirements and uncertainty, organizations continue to employ traditional change models. These depend on top-down executive leadership and focus, detailed risk analysis and mitigation, carefully planned and controlled communication, play-books that are "rolled out," tools and scripts to ensure common understanding, training people how to behave differently, and transition structures to govern the execution of work streams according to Gantt charts and detailed plans.

Our purpose is to provide an alternative conceptualization of the change process and organizational capabilities needed to effectively adapt and co-evolve with a rapidly changing environment that is presenting a never-ending cascade of new challenges. Like others, we call this state of affairs the "new normal." We begin by describing and comparing the "old normal" environment with the "new normal" and deriving the implications for change. We then describe the "engage and learn" model — based on our observations, research, and practice in organization design and agility at USC's Center for Effective Organizations — as a new way of thinking about organization change that complements today's challenges and the organization designs being implemented. Finally, we demonstrate the model through the Cambia Health Solutions case.

THE "OLD NORMAL"

For decades, organizations have co-evolved with advances in technology, the emergence of a global economy, changes in societal expectations, and market shifts. We know in hindsight that, until recently, these environmental changes could be described in terms of a "punctuated equilibrium." That is, any particular aspect of the environment tended to change slowly and incrementally for a number of years and then manifest relatively short bursts of radical advancement.

In the old normal, organization change tended to follow this same pattern. Within and across industries, periodic transformational episodes challenged organizations to develop new capabilities, ways of doing work, managing people, and organizing. For example, cumulative advances in our understanding of human motivation and organizational behavior along with societal and governmental concern for workers' rights and well-being resulted in radical shifts in human resource practices and high involvement work systems. A long history of incremental increases in efficiency were transformed into large improvements in both productivity and employee outcomes. Economic and

* Corresponding author. Tel.: +1 213 740 9814.
E-mail address: cworley@marshall.usc.edu (C.G. Worley).

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technical changes led to the sudden emergence of the global corporation. After years of country-based economies, the number of multinational corporations utilizing capabilities for managing information, resources, and talent on a worldwide basis increased dramatically. Finally, the ability to collect, share, and analyze vast quantities of information while simultaneously enabling customization have created new business models, management practices, and go-to-market tactics.

Theories of change in the old normal

Researchers studying organization change in the old normal developed two types of models. The first type, known as *change process theories* or *theories of change*, describe the variables that trigger change, the variables that could affect the pace and effectiveness of the change process, how the variables cause the change, and the expected outcomes of the change effort.

One of the most well-known theories of change is Larry Greiner's classic 1972 *Harvard Business Review* article, "Evolution and Revolution as Organizations Grow." He was interested in the stages of growth, from start-up through maturity and increased complexity, and the need to introduce the capabilities to manage, perform, coordinate, and collaborate as organizations became larger and older. He observed that corporations go through a predictable sequence of crises that lead to "revolutions" in the way they organize and operate. Organizational solutions or strategies applied to achieve growth in the current period became the primary source of problems to be solved or capabilities to be developed in a future period. For example, Hewlett-Packard Co., Philips, and many other organizations grew successfully because of a decentralized product or geographic based model but faltered when the need for coordination across products or regions became important. Only when the problems of decentralization — the same approach that had previously driven success — were addressed, and the capability for cross-organizational coordination was developed did these organizations resume growth.

Researchers eventually began to view fundamental change as triggered by factors both internal and external to the organization, and not simply the inevitable result of growth and age. Michael Tushman and Elaine Romanelli, among others, argued that a set of interrelated strategic, power, organizational, and cultural commitments became self-reinforcing and change resistant. In the presence of significant events, such as technological changes, executive succession, or industry life cycle transitions, a revolution was necessary to reconfigure the commitments. The "punctuated equilibrium" model simply proposes that organization adaptation occurs through relatively long periods of convergence on a particular strategy that are interrupted by relatively short periods of fundamental change or transformation.

Fundamental change came to be understood as deep and pervasive. It affected the cultural patterns and behaviors in the organization, and required significant alterations to most of the sub-systems in the organization. Scholars and practitioners considered transformational change a messy nuisance to be avoided entirely if possible; it literally put the reliable delivery of products and services at risk and threatened the performance capabilities of the organization.

If and when organizations needed to transform themselves, they would typically *rent* the change management capability from consultants. There was no need to pay for internal transformational change expertise that was rarely used. Companies that did staff up with organizational effectiveness consultants during periods of transformation often eliminated these departments once the pressing need for transformation subsided.

Implementation theories in the old normal

The second type of change theory focuses on *changing*, and in particular on the *implementation* of change. Implementation theory research focuses on the activities change agents should perform to insure the success of a change effort. These theories involve steps like entry and contracting, diagnosing, planning, intervention, and evaluation. Implementation theories provide guidance to change agents regarding the necessary activities to bring about change successfully in organizational systems.

Importantly, the punctuated equilibrium model suggests that organization life is dominated by stability and incremental change, not transformation. During periods of convergence, the environment's demand for new solutions, strategies, and capabilities is relatively benign, and oriented toward increased efficiency, reliability, predictability, and growth within an existing strategy and operating logic.

The predominant implementation theories used today were generated to help companies during these periods of relative calm. They were aimed at refining the adopted business strategies and the capabilities and behaviors required to make them a reality. Implementation could be incremental, gradual, focused, and controlled (i.e., "managed") through carefully architected processes of design and implementation. These change models worked well as long as fundamental change was episodic and infrequent.

Two of the most common implementation theories are Lewin's change model and the positive model. These models and their variants have received widespread attention and provide an important historical benchmark for our proposed engage and learn model.

Lewin's Change Model. Kurt Lewin conceived of change as modification of the forces keeping a system stable. A particular set of behaviors or outcomes at any moment in time was the result of two opposing forces: those striving to maintain the status quo and those pushing for change. When both sets of forces were about equal, current behaviors or outcomes were maintained in what Lewin termed a state of "quasi-stationary equilibrium." To change that state, the organization could increase the forces pushing for change, decrease the forces maintaining the current state, or apply some combination of both. Lewin suggested that decreasing the forces maintaining the status quo produced less tension and therefore was a more effective change strategy than increasing the forces for change. Such thinking has led to a number of theories and tools for lowering "resistance to change."

Lewin's implementation theory consisted of three steps. The unfreezing process involved preparing the organization for change, often through processes of "psychological disconfirmation." By introducing information that shows discrepancies between behaviors desired by organization members and