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## LEADING ORGANIZATIONAL CHANGE: A QUEST FOR KNOWLEDGE AND UNDERSTANDING

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**JCSP 44**

**Master of Defence Studies**

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By Major Kevin Schamuhn

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## Abstract

Over two-thirds of all major organizational change efforts fail. Why is this number so high, and what are the factors that contribute to success? In a quest for greater knowledge and understanding, this paper begins by providing an overview of organizational theory which reveals a noticeable shift from the industrial age to the information age models and their ability to deal with change. The paper reviews the dominant change theories that parallel the organizational shift from orderly, top-down driven change models moving towards a concept of decentralized control and an empowered work force capable of succeeding in a constantly changing environment. The paper then discusses the importance of leadership and resistance during change events. To illustrate some of the highlights from the research, three case studies are presented: two failed change initiatives and one significant success. The key theme that surfaces from the case studies is the importance of a fulsome diagnosis of the problem and understanding the environment prior to initiating change. Finally, the paper concludes with a critique of how the Canadian Forces teaches and assesses “Leading Change,” suggesting that to mitigate the risk of becoming irrelevant, the military needs to promote the education and awareness of change theory at all levels and empower its members to initiate change from the ground up.

## CHAPTER 1 – INTRODUCTION

*Nothing endures but change.*

- Heraclitus

Since the end of the Second World War, organizations have faced increasingly ambiguous, constantly fluctuating environments that have challenged previously held beliefs about how to run an organization and manage change. People in western nations no longer expect to spend their adult life in the same career and are more willing than ever to move to different cities or countries to pursue a lifestyle that suits them. As society continues to shift, leaders need to ask whether the old, hierarchical models of the industrial age are still relevant in the information age. In many ways, the pace of technological and sociocultural change is quickening, necessitating a new paradigm for organizational leadership. Recent research supports moving away from traditional top-down programs and towards a more dynamic concept of public and private entities that enables constant evolution. In a quest to understand the dynamics at play in the modern era, this paper reviews some of the dominant theories and discusses their implications in the context of real world case studies. Only by prioritizing education, adopting new practices and taking real action can organizations improve the odds of maintaining their relevance and achieving successful change in the modern world.

The discussion will be based upon a brief overview of organizational theory in Chapter 2. The purpose of the chapter is to understand different types of organizations and how they work, beginning with Warner Burke and George Litwin's model for understanding organizational functionality and change. Next, the work of authors Peter Drucker, David Alberts and Richard Hayes, and Frederic Laloux illustrate the societal shift from the industrial age into the information age. As society, technology and access to information have changed, so too have the structure and functionality of organizations. The transition from the rigid, hierarchical, process-



driven industrial age organizations to the decentralized, dynamic, fluid and constantly changing information age organizations will be explored in detail.

Once the foundation is laid, Chapter 3 suggests ways of looking at why and how organizations change. It discusses intrinsic versus extrinsic motivation for change, then highlights differences between one-time, traumatic revolution versus ongoing evolution as a way of life. Next, the industrial age change models of Kurt Lewin and John Kotter are explored, along with an investigation of how these models are limited in relevance and applicability to organizations today. The third chapter then goes on to define the change models of Gary Hamel and Bill Pasmore, whose theories are designed to address the shortcomings of industrial age thinking and offer a new way to think about change in the information age.

Chapter 4 moves beyond the theories and models to investigate two key components of organizational change: the importance of leadership and the causes of resistance. Themes of leadership arise from across the literature and are explained in detail here, including self-awareness, clarity of vision, ambition, knowledge, humility, inspirational motivation, tolerance for ambiguity, and perseverance. Emotional intelligence is also discussed, based on the work by author Dan Goldman. Next is an overview of the causes of resistance that can work against change initiatives, and recommendations on how to overcome them.

Chapter 5 provides case studies to illustrate the theories and concepts presented in Chapters 2, 3, and 4. Three case studies will be reviewed, beginning with a failed change effort at Hewlett Packard when a new CEO, Carleton Fiorina, was deliberately brought in to change the organization. The next case study examines the tenure of US Navy Captain David Marquet as the commander of a nuclear submarine. His approach drastically changed the way the crew operated and led to an historic transformation that sent ripples throughout the fleet. Finally, a recent

incident at the Royal Military College involving dress policy and group punishment is presented as a failed change initiative. All three case studies link back to aspects of organizational change theory discussed earlier and provide specific examples of how to succeed in the information age.

Finally, Chapter 6 proposes change within the CAF, specifically regarding how “leading change” is taught and assessed. Following this, the issues of retention and changing organizational structure are reviewed with recommendations. Lastly, the paper concludes with suggestions for areas of future study and research.

## CHAPTER 2 – ORGANIZATIONAL THEORY

### Introduction

To study organizational change effectively, it is necessary to begin with an examination of the concept of the organization itself. Understanding theories of organizations will assist in the exploration of change theory and provide a foundation for case studies that will be presented in later chapters. Rather than focusing on a single type of organization – whether it be a state government, military unit, medical group, educational institution, or community group – it is important to establish a set of principles that can be generalized across all types of organizations to broaden the applicability of the lessons learned. If we understand what organizations are and how they work, we are one step closer to learning how to change them.

This chapter will begin with an examination of the Burke-Litwin model which explains how organizations function. It considers the external factors acting on an organization as well as the inner workings of the organization which work together in exceedingly complex ways to deliver an outcome or product. Within this context, three views will be discussed that explain what organizations are and how they are changing with society. The first, called *Concept of a Corporation*, written by the legendary business consultant and author Peter Drucker, provides a concept for an industrial-era organization that is driven by what he calls the mass-production principle. The second, called *Power to the Edge*, co-authored by David Alberts and Richard Hayes, investigates the differences between organizations built to work in the industrial age versus those built for the information age. Finally, the work of Frederic Laloux called *Reinventing Organizations* will be examined to understand the future of organizations and how they will evolve in line with advances in technology and social structures.

Each author refers to a monumental shift in organizations that has taken place within the last several decades and the types of organizations that exist on both sides of the shift. For the purposes of this paper, the distinction will be made between organizations built to operate in the industrial age and those built to operate in the information age, definitions of which will be further explained upon examination of the relevant theories. The focus was placed on these two eras because they are particularly relevant to organizations today and, more specifically, the Canadian military. The remarkable resemblance of these organizational theories to many of the units in the CAF today offers a unique advantage when considering how to implement a change initiative in a Canadian military context. The more accurately one can assess one's own organization, how it works and what motivates its workforce, the more likely a change effort is to succeed.

### **The Burke Litwin Model**

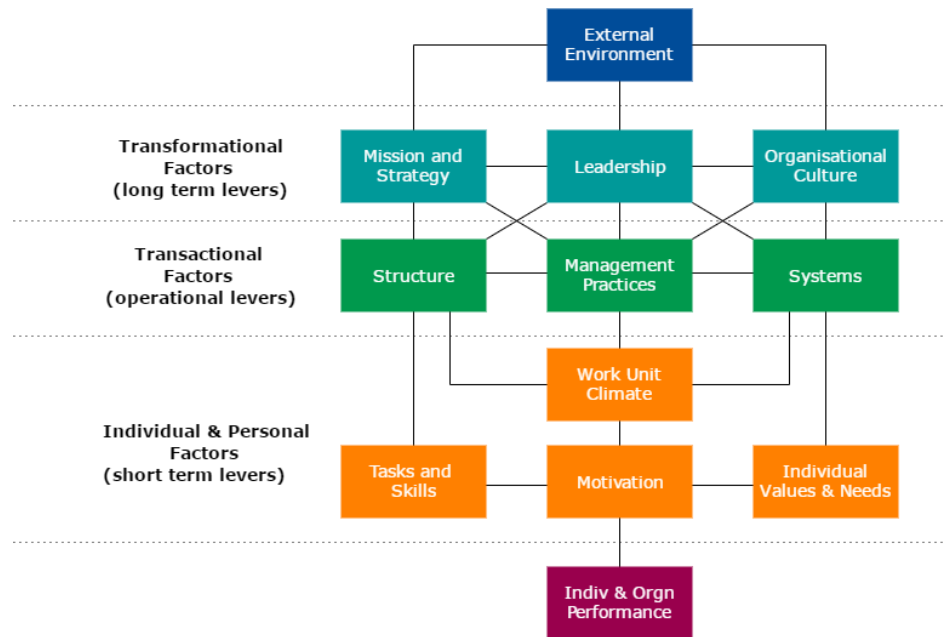
American professors Warner Burke and George Litwin are at the forefront of organizational development and change theory for over 50 years. Their model, known as the Burke-Litwin Causal Model of Organizational Performance and Change, "attempts to portray the primary variables that need to be considered in any attempt to predict and explain the total behavior output of an organization, the most important interactions between these variables, and how they affect change."<sup>1</sup> This model is useful because it explains how organizations work so that we can diagnose what needs to change.

The model illustrates how the inner workings of an organization are divided into three levels, designated transformational, transactional, and individual. These levels are further broken down into separate components, each of which describes a specific part of the organization's

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<sup>1</sup> Burke, W. Warner and Litwin, George H., "A Causal Model of Organizational Performance and Change", in *Organization Change: A Comprehensive Reader* (San Francisco: Jossey Bass, 2009), 280.

functionality. When each of these components of the organization is healthy and functioning well, the output is improved, and the organization is successful.



**Figure 2.1 – A Model of Organizational Performance and Change**

Source: Burke and Litwin, *Organization Change: A Comprehensive Reader*, 280.

The layout of the model is important. Transformational factors include foundational concepts that are normally developed at the initial stages of a company and are the hardest to change. That said, successful changes in this level are likely to have the most profound effect on the organization. The further down the table you go, the roots become shallower and therefore the category is easier to change and has a shorter-term effect. The vertical alignment is also important because it differentiates aspects of an organization in line with other related factors. For example, if there is an issue with work climate and motivation, the root problem can often be found by looking into the management practices and ultimately the leadership. Changes within the Canadian military often centre around the structure of the organization by changing the org

chart. However, structure is simply a reflection of mission and strategy and, without addressing the core issues, change initiatives are incomplete and difficult to sustain.

### Three Perspectives on Organizations

To understand more about how organizations are structured and the principles by which they operate, three different perspectives will now be examined and compared. First is the work of Peter Drucker, considered by many to be the “founder of modern management.”<sup>2</sup> One author commented that he looked beyond the surface for axioms that could be applied broadly.<sup>3</sup> His 1940s works, including *The New Society* and *Concept of the Corporation* painted the picture of a new industrial organization and accurately described how the principle of mass-production would shape organizations of all types around the world. Drucker wrote, “Today it has become abundantly clear that the mass-production is not even confined to manufacturing, but is a *general principle for organizing people to work together*.”<sup>4</sup> He sought to help leaders understand that the biggest contributor to any organization is the people involved. “The mass-production principle is not a mechanical principle...It is a *social* principle – a principle of *human* organization. What was new in Ford’s plant was not the organization of mechanical forces, but the organization of human beings performing a common task.”<sup>5</sup> One of the strengths of Drucker’s observations is the focus on the human dimension where all action is initiated and controlled. Conversely, fixating on technology or materials results in losing sight of what an organization is, and diminishes one’s ability to effectively lead change.

Drucker’s work underscores the importance of relationships to the survival and success of the organization. Therefore, to implement change in an organization, the pursuit of a

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<sup>2</sup> S. Dunning, “The Best of Peter Drucker,” last accessed 14 July 2018.  
<https://www.forbes.com/sites/stevedenning/2014/07/29/the-best-of-peter-drucker>

<sup>3</sup> J. Tarrant, *Drucker: The Man Who Invented the Corporate Society* (Toronto: MacMillan, 1976), xi.

<sup>4</sup> Peter Drucker, *The New Society* (New York: Harper & Row, 1962), 2.

<sup>5</sup> *Ibid.*, 4.

technological or material solution should not be the focus. Rather, by focusing on the people involved and by influencing their behaviour, change becomes not only possible, but it also endures. For example, if a manufacturing company wants to become more competitive in the market, developing a new gadget will only get it so far. Only by focusing on changing how people are employed will the business bring about any meaningful change.

A second perspective is that of David Alberts and Richard Hayes. In 2003, Alberts and Hayes were commissioned by the US Department of Defense (DoD) to investigate the topic of command and control in the information age and what it meant for defence organizations. Their work, entitled *Power to the Edge*, thoroughly examines the contrast between industrial organizations, which they call “hierarchies”, and those of the information age, which they call “edge organizations.”<sup>6</sup> The industrial and information-age organizations are founded on different principles and respond to change in drastically distinctive ways. The typical industrial organization is more rigid and slow to adapt; the information-age organization, by contrast, is specifically designed to adapt quickly and change organically. Understanding what these two types of organizations look like and how they operate is key to learning how to bring about change in each. The comparison between the two types of organizations is outlined in the table below:

**Table 2.1 - Comparison of Attributes of Hierarchies and Edge Organizations**

	<b>Hierarchies</b>	<b>Edge Organizations</b>
Command	• By directive	• Establishing conditions
Leadership	• By position	• By competence
Control	• By direction	• An emergent property
Decision Making	• Line function	• Everyone’s job
Information	• Hoarded	• Shared

<sup>6</sup> David Alberts and Richard Hayes, *Power to the Edge: Command and Control in the Information Age* (Washington: CCRP, 2005), 215.

Predominant Information Flows	<ul style="list-style-type: none"> <li>• Vertical, coupled with chain of command</li> </ul>	<ul style="list-style-type: none"> <li>• Horizontal, independent of chain of command</li> </ul>
Information Management	<ul style="list-style-type: none"> <li>• Push</li> </ul>	<ul style="list-style-type: none"> <li>• Post – Pull</li> </ul>
Sources of Information	<ul style="list-style-type: none"> <li>• Stovepipe monopolies</li> </ul>	<ul style="list-style-type: none"> <li>• Eclectic, adaptable marketplaces</li> </ul>
Organizational Processes	<ul style="list-style-type: none"> <li>• Prescribed</li> <li>• Sequential</li> </ul>	<ul style="list-style-type: none"> <li>• Dynamic</li> <li>• Concurrent</li> </ul>
Individuals at the Edge	<ul style="list-style-type: none"> <li>• Constrained</li> </ul>	<ul style="list-style-type: none"> <li>• Empowered</li> </ul>

Source: Alberts and Hayes, *Power to the Edge*, 218.

This table is particularly helpful because of how effectively it juxtaposes the two types of organizations. By examining the differences, Alberts and Hayes clearly demonstrate the prominent advantages and disadvantages of each model. When applied to military units in particular, the accuracy of the industrial age model is stunning. The table offers a unique insight into why industrial age organizations struggle with implementing change based on their rigid structure and style of information passage. Conversely, the table clearly highlights the key aspects of information age organizations that enable them to deal with change with greater success. Information age organizations not only implement new structures, but also leverage the potential contributions of all employees which makes them far more agile and resilient.

Third, the work of Frederic Laloux outlines the differences between various types of organizations. Laloux's book *Reinventing Organizations* offers a thoughtful explanation of how organizations express our worldview, where we are along a continuum of development. "There have been other models before, and all evidence indicates there are more to come."<sup>7</sup> As detailed in the table below, Laloux categorizes organizations by colour and gives examples of each. His work is particularly useful because it helps define the unique characteristics of various types of

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<sup>7</sup> Frederic Laloux, *Reinventing Organizations* (Brussels: Nelson-Parker, 2014), 15.



organizations, focusing on the key breakthroughs that set these organizations apart from their predecessors.

**Table 2.2 – Laloux’s Organization Theory**

Type of Organization	Current Examples	Key Breakthroughs	Guiding Metaphor
<b>RED Organizations</b> <ul style="list-style-type: none"> <li>• Constant exercise of power by the chief to keep troops in line</li> <li>• Fear is the glue of the organization</li> <li>• Highly reactive, short-term focus</li> <li>• Thrives in chaotic environments</li> </ul>	<ul style="list-style-type: none"> <li>• Mafia</li> <li>• Street gangs</li> <li>• Tribal militias</li> </ul>	<ul style="list-style-type: none"> <li>• Division of Labor</li> <li>• Command authority</li> </ul>	<ul style="list-style-type: none"> <li>• Wolf pack</li> </ul>
<b>AMBER Organizations</b> <ul style="list-style-type: none"> <li>• Highly formalized roles within a hierarchical pyramid</li> <li>• Top-down command and control (what and how)</li> <li>• Stability valued above all through rigorous processes</li> <li>• Future is repetition of the past</li> </ul>	<ul style="list-style-type: none"> <li>• Catholic church</li> <li>• Military</li> <li>• Most government agencies</li> <li>• Public school systems</li> </ul>	<ul style="list-style-type: none"> <li>• Formal roles (stable and scalable hierarchies)</li> <li>• Processes (long-term perspectives)</li> </ul>	<ul style="list-style-type: none"> <li>• Army</li> </ul>
<b>ORANGE Organizations</b> <ul style="list-style-type: none"> <li>• Goal is to beat competition; achieve profit and growth</li> <li>• Innovation is the key to staying ahead</li> <li>• Management by objectives (command and control on what; freedom on the how)</li> </ul>	<ul style="list-style-type: none"> <li>• Multinational companies</li> <li>• Charter schools</li> </ul>	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Accountability</li> <li>• Meritocracy</li> </ul>	<ul style="list-style-type: none"> <li>• Machine</li> </ul>
<b>GREEN Organizations</b> <ul style="list-style-type: none"> <li>• Within the classic pyramid structure, focus on culture and empowerment to achieve extraordinary employee motivation</li> </ul>	<ul style="list-style-type: none"> <li>• Culture driven organizations (e.g., Southwest Airlines, Ben &amp; Jerry’s, ...)</li> </ul>	<ul style="list-style-type: none"> <li>• Empowerment</li> <li>• Values-driven culture</li> <li>• Stakeholder model</li> </ul>	<ul style="list-style-type: none"> <li>• Family</li> </ul>

Source: Laloux, *Reinventing Organizations*, 36.

As organizations progress from one type to another, Laloux argues that they are paralleling the transformation of societal consciousness. For example, a red organization is structured and managed based on an old way of thinking like the pre-industrial revolution era. As consciousness increased with new ideas and technologies, amber organizations were formed, and

so on. Although all types of organizations can exist at the same time, the most advanced type of organization is more closely aligned with the highest level of societal consciousness at the time.

Interestingly, Laloux's description of organizations closely aligns with the industrial and information age models described by Alberts and Hayes. The description of industrial age organizations is most similar to Laloux's amber organizations. The description of information age organizations spans both orange and green organizations. Although the descriptions do not match perfectly, the trend is the same: organizations are moving to a more de-centralized structure that empowers its employees and prioritize innovation over tradition.

What stands out in the work of these authors is the similarities in how they discuss organizations before and after the arrival of the information age. Each uses their own terminology to describe the shift, but their observations on the principles that govern the different types of organizations are remarkably similar. The table below lists all three perspectives together and arranges their thoughts into two categories: industrial age and information age. The similarities between their work will be discussed in further detail.

**Table 2.3 – Comparison of Drucker, Alberts and Hayes, and Laloux**

	<b>Peter Drucker</b>	<b>Alberts and Hayes</b>	<b>Frederic Laloux</b>
<b>Industrial Age</b>	<ul style="list-style-type: none"> <li>• Mass-production principle</li> <li>• Industry as a fighting force</li> </ul>	<ul style="list-style-type: none"> <li>• Decomposition</li> <li>• Specialization</li> <li>• Hierarchical</li> <li>• Optimization</li> <li>• Deconfliction</li> <li>• Centralized Planning</li> <li>• Decentralized Execution</li> </ul>	<ul style="list-style-type: none"> <li>• Amber organizations (Formal roles, stable and scalable hierarchies, processes, long-term perspectives)</li> </ul>
<b>Information Age</b>	<ul style="list-style-type: none"> <li>• Knowledge worker</li> <li>• Silent revolution</li> </ul>	<ul style="list-style-type: none"> <li>• Robustness</li> <li>• Resilience</li> <li>• Responsiveness</li> <li>• Flexibility</li> <li>• Innovation</li> <li>• Adaptation</li> </ul>	<ul style="list-style-type: none"> <li>• Orange organizations (innovation, accountability, meritocracy)</li> <li>• Green organizations (empowerment, values-driven culture, stakeholder model)</li> </ul>

## Industrial Age Organizations

Industrial age organizations are theoretically structured to achieve the greatest effect as efficiently as possible. At the transformational level, they base their mission and strategy on the notion that their world can be fully understood and categorized, and therefore mastered. Alberts and Hayes write that the industrial age is typified by rigid definition of roles and division of activities into neatly divided components. This process of “decomposition”<sup>8</sup> is fundamental to understanding how managers of industrial age organizations think. By assuming that they can fully understand and control their environment, industrial age -style leaders become narrowly focused and risk being unable to adapt to new environments.

The management of industrial type organizations focuses more on process and efficiency than on the well-being of the individuals. As Drucker asserts, “the things that really count are not the individual members but the relations of command and responsibility among them.”<sup>9</sup> The process-focused organization tries to ensure that anything learned can be sustained over generations. As Laloux writes, “With processes, we can replicate past experience into the future. With processes, critical knowledge no longer depends on a particular person; it is embedded in the organization and can be transmitted across generations.”<sup>10</sup> The focus on efficiency works directly against the well-being of the people involved and is one of the main reasons why the industrial-age mentality is less successful when dealing with change.

Manifestations of the industrial organization are not hard to find, especially in the military. In fact, as seen in the table outlining his theories, Laloux’s guiding metaphor for amber organizations is the Army. He states that “stability is valued above all through rigorous

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<sup>8</sup> David Alberts and Richard Hayes, *Power to the Edge...*, 38.

<sup>9</sup> Peter Drucker, *Concept of a Corporation...*, 25.

<sup>10</sup> Frederic Laloux, *Reinventing Organizations...*, 20.

process.”<sup>11</sup> This pursuit of certainty and order is beneficial in some situations but becomes impossible to sustain when the environment begins to change. Because change is inevitable, so too are the struggles faced by industrial organizations. Drucker writes: “Without the will to take risks, to venture in to the unknown and let go of the familiar past, a corporation cannot thrive in the twenty-first century.”<sup>12</sup> Alberts and Hayes agree:

The Industrial Age principles and practices of decomposition, specialization, hierarchy, optimization, and deconfliction, combined with Industrial Age command and control based on centralized planning and decentralized execution, will not permit an organization to bring all of its information (and expertise) or its assets to bear. Solutions based upon Industrial Age assumptions and practices will break down and fail in the Information Age.<sup>13</sup>

For all their shortcomings, industrial age organizations are built to be highly efficient and bring the maximum amount of effort to bear to achieve great things. In Drucker’s words, “World War II was the first time in which industry was not an auxiliary but the main fighting force itself. In fact, in the first six months, the United States manufactured more aircraft, tanks, and artillery than Hitler and his advisers thought the Americans could make in five years.”<sup>14</sup> The problem with industrial organizations is that they are built for a unique purpose, what Alberts and Hayes call “specialization”, and are not designed to innovate. This becomes problematic when looking to implement change. “Industrial Age organizations are, by their very nature, anything but agile.”<sup>15</sup> This is critical to understand when planning change initiatives and will be investigated further in the next chapter.

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<sup>11</sup> *Ibid.*, 36.

<sup>12</sup> Elizabeth Edersheim, *The Definitive Drucker* (New York: McGraw Hill, 2007), 89.

<sup>13</sup> Alberts and Hayes, *Power to the Edge...*, 56.

<sup>14</sup> Elizabeth Edersheim, *The Definitive Drucker...*, 29.

<sup>15</sup> Alberts and Hayes, *Power to the Edge...*, 59.

## Information Age Organizations

With the advent of the Internet, a new era was ushered in and information began to increase in volume and speed of transmission. In the 1990s, Drucker observed what he called a “silent revolution” in which information flew, the geographic reach of companies and customers exploded, the most basic demographic assumptions were upended, customers stepped up and took control of companies, and walls defining the inside and outside of a company fell.<sup>16</sup> The principles that guided organizations through the industrial age began to show fractures and those unable to adapt to the new pace of life became obsolete. Drucker observed a critical transition from industrial to information-age operations. “We should expect radical changes in society as well as in business.”<sup>17</sup>

This new era brought about new structures, approaches and breakthroughs in organizational development. The importance of maximizing individual contributions became paramount: “To innovate more and faster than others, it becomes a competitive advantage to tap into the intelligence of many brains in the organization...The answer comes in the form of management by objectives.”<sup>18</sup> Instead of controlling the specific actions of the employee in each prescribed role, it became more important to empower them to make autonomous decisions. The concept of “management by objectives” was first designed by Drucker “as a way for workers to take responsibility for their contribution to the organization: the workers themselves define their objectives, thinking through their connection to the objectives of the company and the unit to which they belong, and discussing them in depth with their management.”<sup>19</sup> This emphasizes the necessity of a shared vision and empowerment. When the employees are all working toward a

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<sup>16</sup> Elizabeth Edersheim, *The Definitive Drucker...*, 19.

<sup>17</sup> *Ibid.*, 29.

<sup>18</sup> Frederic Laloux, *Reinventing Organizations...*, 26.

<sup>19</sup> Elizabeth Edersheim, *The Definitive Drucker...*, 183.

common goal and have the authority to make decisions at their level, the true potential of an organization can be unleashed.

Another aspect of information age organizations is their ability to adapt in an ever-changing environment to survive and maintain a competitive edge. Alberts and Hayes describe adaptation as “The ability to alter force organization [ie: change the structure] and work processes when necessary as the situation and/or environment changes.”<sup>20</sup> This aligns with Laloux’s idea of the orange organization, in which “innovation is the key to staying ahead.”<sup>21</sup> No longer bound by rigid structures, information age organizations change whatever is necessary in order to succeed. The status quo is challenged regularly to determine best practices, and the maximum amount of information is absorbed to adjust the organization accordingly.

In Laloux’s work, another key aspect of the information age organization emerges: “CEOs of Green organizations claim that promoting the culture and shared values is their primary task.”<sup>22</sup> The importance of values in the transformational level of the company, which includes the mission and strategy, the leadership, and the culture, becomes much more important than in industrial organizations. Drucker writes that “People will respond to a set of values and proven ideas and principles to produce unbelievable increases in performance.”<sup>23</sup> This is matched by Laloux: “Research seems to show that values-driven organizations can outperform their peers by wide margins.”<sup>24</sup> By focusing on the “why” of what it does, an organization does not risk falling behind the competition, but instead secures a distinct advantage. This is a revolutionary thought that is at direct odds with industrial organizations that see their employees simply as cogs in a machine. The relevance to this study is that the principle of values-based

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<sup>20</sup> Alberts and Hayes, *Power to the Edge...*, 153.

<sup>21</sup> Frederic Laloux, *Reinventing Organizations*, 36.

<sup>22</sup> *Ibid.*, 33.

<sup>23</sup> Elizabeth Edersheim, *The Definitive Drucker...*, 159.

<sup>24</sup> Frederic Laloux, *Reinventing Organizations*, 33.

work reveals how to motivate and incentivize the workforce in information age organizations. By understanding what is most important to the people involved, the leadership stands a much better chance of implementing a successful change initiative.

### **Conclusion**

An understanding of how to lead organizational change is build on knowledge of the basic theories of organizations. Organizational theory provides a starting point from which to explore the more complex theories of change and more accurately select which change model to implement. As will be discussed in the next chapter, there are as many change models as there are change theorists; it takes a skilled leader to know which one to use.

## CHAPTER 3 – CHANGE THEORY

### Introduction

The subject of leading organizational change is as broad as it is deep. Organizations of all types and sizes are constantly changing for different reasons; some of these changes are deliberate while others are spontaneous and unforeseen. In the military, commanders might expect that their explicit directives are enough to implement the change they seek. Research suggests otherwise. In fact, some estimates of the success rate of professionally-driven change efforts are as low as 30%.<sup>25</sup> That means that even when organizations employ dedicated organizational change experts to consult and implement a carefully crafted plan, the change initiative results in failure over two-thirds of the time. Why is the success rate so low? Why do organizations have such a difficult time implementing change even if their survival depends on it? This chapter will address these questions by providing an overview of the dominant change theories in existence today and analysing their relevance to the two main types of organizations discussed in the previous chapter: industrial age and information age.

### Why Change?

Change can be an exhausting undertaking that causes significant disruption to an organization's ability to serve its core functions, not to mention the relationships of the employees involved. It can be a lengthy, difficult task that ends up causing more friction than progress. So why do organizations change? Why do they put so much effort into change initiatives when the risks are so high? There are several ways to consider this question: first, the motivation for change can be initiated by external factors or internal factors. An internal factor might be low motivation in the workforce or an inspiring new concept conceived by a leader in

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<sup>25</sup> Michael Beer and Nitin Nohria, "Cracking the Code of Change," *On Change Management* (Boston: Harvard Business Review Press, 2011), 137.



the organization, whereas an external factor might be competition in the marketplace or an emerging technology that transforms a business sector. A second way to consider the question is whether the change process is revolutionary or evolutionary. With revolutionary change, something drastic happens, caused by either an internal or external factor, that necessitates a large-scale change effort. Conversely, change may come about in a more evolutionary way, based on the culture of the organization and its ability to constantly adapt to its environment. Both concepts will be explored further in this section.

Renowned author and researcher Edgar Schein writes that the “desire for change, for doing something differently, for learning something new, *always begins with some kind of pain or dissatisfaction.*”<sup>26</sup> The idea that something bad must happen before change is initiated is a common theme in organizational dynamics literature. Author Peter Fuda has researched this type of change extensively and has found that externally-motivated change efforts are often associated with fear and anxiety, what he calls the “burning platform” effect.<sup>27</sup> He writes that “Anxiety is the single most contagious human emotion. It encourages many physical and psychological consequences, none of which I have found particularly conducive to meaningful and sustainable change.”<sup>28</sup> Contrary to popular belief, it appears that externally-motivated reasons for change, regardless of how relevant and accurate they are, need to be framed positively to bring about the most effective change.

Often, initiative comes from factors outside of the organization, such as competition in the industry, shifts in the economy, or new technology. As Kotter writes, “A globalized economy is creating both more hazards and more opportunities for everyone, forcing firms to make dramatic

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<sup>26</sup> Edgar Schein, *Organizational Culture and Leadership* 5<sup>th</sup> ed. (Hoboken: Wiley & Sons, 2017), 322.

<sup>27</sup> Fuda, Peter. “Change This Manifesto,” last accessed 16 July 2018, <https://www.peterfuda.com/2017/10/14/change-this-manifesto/>

<sup>28</sup> *Ibid.*

improvements not only to compete and prosper but also to merely survive.”<sup>29</sup> An example of responding to an external factor would be if a company perceives that the market is shifting and they need to adapt their product line to stay competitive. Another example is when a military encounters a new type of threat on the battlefield, whether a new weapon system or new tactic and has to change its methods to counter the new threat. The question of where the indicators come from differs between industrial age and information age organizations. In industrial age organizations, the executive leadership might rely on their own understanding of the environment to make these types of decisions, whereas an information-age organization would be more likely to become aware of the need for change from their front-line workers.

On the other hand, internal change is brought about by members of the organization, independent of external factors. Fuda writes, “Leaders must shift from the proverbial burning platform to a burning ambition, and get underneath organizational reasons for change to make the journey personal.”<sup>30</sup> Change may come about when a group comes to realize that the direction of their organization is no longer in line with their values, so they push for a re-alignment. An example is how Google employees recently voiced their objections to working on certain government intelligence programs. Or perhaps the leadership notices low morale and wants to remedy the situation before it gets worse. Although rare, internally motivated change does happen and can have a transformational effect on the organization. The idea is that the most effective change comes from an alignment of the values of the people involved rather than logically responding to external factors. By doing so, the change agents bring a much more positive force to bear in their change efforts.

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<sup>29</sup> *Ibid.*, 20.

<sup>30</sup> Peter Fuda, “Change This Manifesto”

Another way to consider the origins of change is whether it is revolutionary or evolutionary. In industrial organizations, “change is regarded as an episodic interruption of the status quo,”<sup>31</sup> and avoided. However, when faced with a changing external environment, rigid organizations sometimes need to make drastic changes in order to survive, and revolutionary change is the result. Author Debra Meyerson explains that “under such circumstances, change may happen quickly and often involves significant pain.”<sup>32</sup> The amount of disruption caused by revolutionary change is a major factor in determining whether the effort will succeed. It is drastic by necessity and only happens because the alternative would result in unsustainable losses.

Alternatively, change can come about as a result of the natural conditions that exist in an organization’s culture. In Laloux’s orange and green organizations, innovation and empowerment are a part of the organizational fabric.<sup>33</sup> In such organizations, change can occur as a natural part of daily operations without the need for a major initiation. This type of change, known as evolutionary change, is “gentle, incremental, decentralized, and over time produces a broad and lasting shift with less upheaval.”<sup>34</sup> It is rarely seen in industrial-age organizations, which rely on formal roles and processes to function efficiently; it is much more likely to be seen in information-age organizations that are built to constantly adapt to their surroundings.

Change can come about for many different reasons. Ultimately, however, “a truly static environment does not really exist...No design solution, no matter how useful it may be at any one time, is impervious to the need for change.”<sup>35</sup> Depending on whether the change is initiated

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<sup>31</sup> Gary Hamel and Michele Zanini. “Build a change platform, not a change program,” last accessed 16 July 2018, <http://www.mckinsey.com/business-functions/organization/our-insights/build-a-change-platform-not-a-change-program>

<sup>32</sup> Debra Meyerson, “Radical Change, the Quiet Way” (Boston: Harvard Business Review Press, 2011), 64.

<sup>33</sup> Frederic Laloux, *Reinventing Organizations...*, 36.

<sup>34</sup> Debra Meyerson, “Radical Change, the Quiet Way”..., 64.

<sup>35</sup> Bert Spector, *Implementing Organizational Change: Theory into Practice* (Boston: Pearson, 2013), 78.

based on internal or external factors, or whether change is brought about in a revolutionary or evolutionary way, the effort can be dealt with in many different ways.

Once a decision has been made to undergo a major change initiative, whether due to external or internal factors and whether it is to be evolutionary or revolutionary in nature, the question then becomes how to go about implementing the change. In order to answer this, many authors and researchers have developed change models that depict the stages an organization should follow in order to bring about the change they desire. Some of the dominant models are geared more towards centrally-controlled hierarchies, or industrial age organizations, and some are designed for information-age organizations, what Alberts and Hayes refer to as “edge organizations.”

### **Industrial Age Change Models**

This section will deal with two models that are more closely aligned with industrial age principles, including Kurt Lewin’s three-stage “unfreeze-move-refreeze” model, followed by John Kotter’s eight-stage model for change. These two models are considered a fit for industrial age for several reasons. First, they are both linear, having a distinct starting place and a distinct end. This suggests that the leaders are accustomed to thinking in linear ways, similar to the process-driven amber organizations from Laloux’s theory. Second, the methods described in both models suggest a top-down approach to implementing change, as though the change effort is being planned and directed by a central decision-making group of executives. This is the hallmark of industrial age organizations, and as Alberts and Hayes write, “the efforts of individuals and highly specialized entities must be focused and controlled so that they act in concert to achieve the goals of the larger organizations or enterprises that they support.”<sup>36</sup> This

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<sup>36</sup> Alberts and Hayes, *Power to the Edge...*, 41.

section will outline both models and provide examples and will be followed by a review of the shortcomings inherent to industrial age change models.

Renowned theorist and author Kurt Lewin proposed a model in the early 20<sup>th</sup> century, focused on the behaviour of those within an organization rather than the organization as a whole.<sup>37</sup> Lewin proposed that the most effective method for implementation of change followed a three-stage process. He argued that if “one succeeds in changing group standards, this same force field will tend to facilitate changing the individual and will tend to stabilize the individual conduct on the new group level.”<sup>38</sup> In the first stage of Lewin’s model, he suggests that it is necessary to lay the groundwork of any significant change effort prior to making any drastic changes, creating sufficient motivation and commitment to the change effort and reducing resistance. As Schein writes, “For any change to occur, the defenses that tend to be aroused in the change target must be made less operative, circumvented, or used directly as change levers.”<sup>39</sup> In other words, the change agent needs to accurately diagnose the context and environment in which change is to occur and begin by creating receptivity among the change targets. Once this receptivity is established, the actual change can begin.

The next stage of Lewin’s model deals directly with the change effort. In this stage, the change agent works to redesign organizational roles, responsibilities, and relationships. They also train the workforce in newly required skills and promote the supporters while removing the resisters of change.<sup>40</sup> There is no clear timeline associated with this stage; the successful accomplishment of the change is conditions-based and tied to a measurement established by the

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<sup>37</sup> Bert Spector, *Implementing Organizational Change...*, 30.

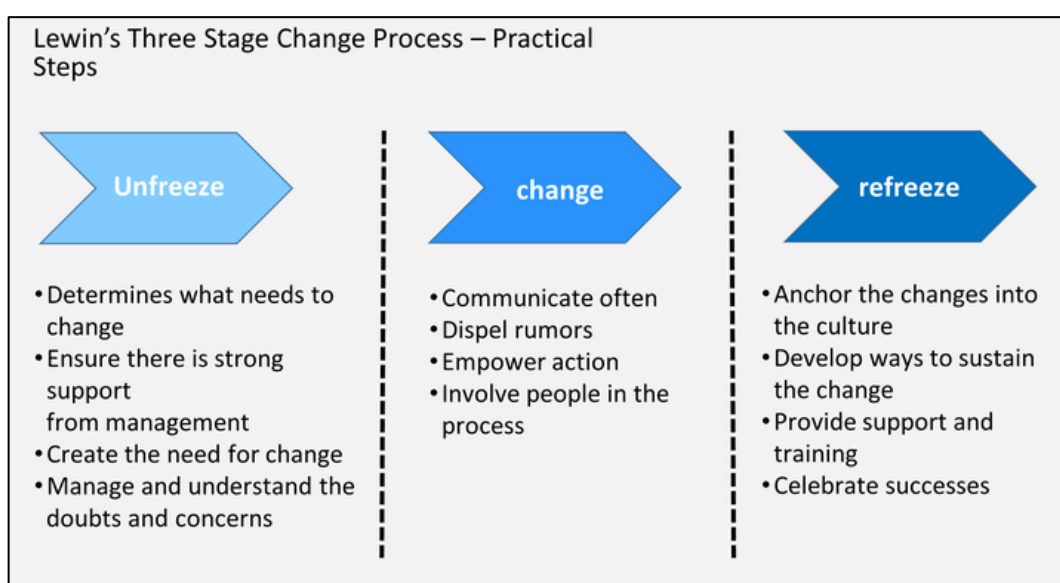
<sup>38</sup> *Ibid.*, 29.

<sup>39</sup> Edgar Schein, “The Mechanisms of Change.” *Organization Change: A Comprehensive Reader* (San Francisco: Jossey-Bass, 2009), 78.

<sup>40</sup> Bert Spector, *Implementing Organizational Change...*, 30.

change agent. Once the change is accomplished, the leadership can then move into the final phase of the transition.

The third stage of the model is where the new status quo is established, or according to Lewin, where the “refreezing” takes place. As Schein writes, “the new learning will not stabilize until it is reinforced by actual results.”<sup>41</sup> During this stage, the leadership of the organization must adhere to the initial goals of the change effort and continue to motivate the workforce to stay the course until the change is fully adopted.



**Figure 3.1 – Lewin's Change Model**

Source: Spector, *Implementing Organizational Change*, 30.

Lewin's theory of change also includes the concept of the “force field analysis,” a method of measuring the energy contributing to and working against the change effort. In the practice, he suggested that people make two lists: first, a list of the forces that were driving change and what could be done to augment or intensify the driving forces; second, a list of the forces that were restraining change in the organization and what could be done to remove or lessen the impact of

<sup>41</sup> Edgar Schein, *Organizational Culture and Leadership*..., 337.

these forces.<sup>42</sup> The aim of the exercise was to demonstrate that, unless the change effort had sufficient support and momentum to overcome the opposing forces, the change would never take root.

Another industrial-age change theory is John Kotter's eight step model for change. Kotter, an American researcher and widely published author, observed organizational attempts to implement change over several decades. His observations led to a list of common mistakes people made when trying to implement change along with their consequences, listed in the table below:

**Table 3.1 – Eight Errors Common to Organization Change Efforts and Their Consequences**

Common Errors
<ul style="list-style-type: none"> <li>• Allowing too much complacency</li> <li>• Failing to create a sufficiently powerful guiding coalition</li> <li>• Underestimating the power of vision</li> <li>• Undercommunicating the vision by a factor of 10 (or 100 or even 1,000)</li> <li>• Permitting obstacles to block the new vision</li> <li>• Failing to create short-term wins</li> <li>• Declaring victory too soon</li> <li>• Neglecting to anchor changes firmly in the corporate culture</li> </ul>
Consequences
<ul style="list-style-type: none"> <li>• New strategies aren't implemented well</li> <li>• Acquisitions don't achieve expected synergies</li> <li>• Reengineering takes too long and costs too much</li> <li>• Downsizing doesn't get costs under control</li> <li>• Quality programs don't deliver hoped-for-results</li> </ul>

Source: Kotter, *Leading Change*, 16.

To remedy these shortcomings, Kotter developed "Eight Stage Process of Creating Major Change" to address the common errors and their associated consequences. Again, the model is linear and fairly rigid.

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<sup>42</sup> Bill Pasmore, *Leading Continuous Change* (Oakland: Berrett-Koehler, 2015), 84.

**Table 3.2 – Kotter’s Eight Stage Process of Creating Major Change**

<b>1. Establishing a Sense of Urgency</b>	a. Examining the market and competitive realities b. Identifying and discussing crises, potential crises, or major opportunities
<b>2. Creating the Guiding Coalition</b>	a. Putting together a group with enough power to lead the change b. Getting the group to work together like a team
<b>3. Developing Vision and Strategy</b>	a. Creating a vision to develop the change effort b. Developing strategies for achieving that vision
<b>4. Communicating the Change Vision</b>	a. Using every vehicle possible to constantly communicate the new vision and strategies b. Having the guiding coalition role model the behavior expected of employees
<b>5. Empowering Broad-Based Action</b>	a. Getting rid of obstacles b. Changing the systems or structures that undermine the change vision c. Encouraging risk taking and non-traditional ideas, activities, and actions
<b>6. Generating Short-Term Wins</b>	a. Planning for visible improvements in performance, or ‘wins’ b. Creating those wins c. Visible recognizing and rewarding people who made the wins possible
<b>7. Consolidating Gains and Producing More Change</b>	a. Using increased credibility to change systems, structures, and policies that don’t fit together and don’t fit the transformation vision b. Hiring, promoting and developing people who can implement the change vision c. Reinvigorating the process with new projects, themes, and change agents
<b>8. Anchoring New Approaches in the Culture</b>	a. Creating better performances through the customer- and productivity-oriented behavior, more and better leadership, and more effective management b. Articulating the connections between new behaviors and organizational success c. Developing means to ensure leadership development and succession

Source: Kotter, *Leading Change*, 23.

Kotter maintains that “too many managers don’t realize transformation is a *process*, not an event. It advances through stages that build on each other. And it takes years. Pressured to accelerate the process, managers skip stages. But shortcuts never work.”<sup>43</sup> His research suggests that change agents need to plan major change deliberately and implement it carefully. It should be noted that Kotter’s work is aimed at the executive/manager level and is intended to assist people in positions of leadership implement change in their organizations - his work does not address the concept of change being initiated by the workers themselves.

<sup>43</sup> John Kotter, “Leading Change,” *On Management* (Boston: Harvard Business Review Press, 2011), 3.



The general theme of Kotter and Lewin's work is the same. Kotter breaks his process down into three broad categories which closely parallel Lewin's work: "The first four steps in the transformation process help defrost a hardened status quo...Phases five to seven then introduce many new practices. The last stage grounds the changes in the corporate culture and helps make them stick."<sup>44</sup> Both researchers agree that in order for change to be effective, a significant amount of preparatory work is required, and that change takes an organization from a present, undesirable state, through a deliberate process to a future, more desirable state. Both models are closed systems, meaning that they are designed for a single change event and are meant to be followed in a specific order.

One of the key aspects of Lewin's work is in line with Drucker's observations regarding the importance of people. Lewin's theory addresses this directly by focusing on people's behaviours and the culture of the organization rather than on the systems and the procedures. The benefit of Kotter's work is that it is based in his observations of how and why organizations failed to implement change initiatives. From this perspective, his change model can serve as a useful tool to think about change and to diagnose efforts that go awry.

### **The Problem with Industrial Age Change Models**

According to the industrial age model, organizations seek to fully understand their environment and master the process required to fulfill their mission or task. This way of thinking is valuable for an environment that doesn't experience change, but as "a truly static environment does not really exist...no design solution, no matter how useful it may be at any one time, is impervious to the need for change."<sup>45</sup> As such, it is worth looking more closely at the two key

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<sup>44</sup> John Kotter, *Leading Change...*, 24.

<sup>45</sup> Bert Spector, *Implementing Organizational Change...*, 78.

aspects of the industrial age change models to determine where they fall short: their linear nature and their top-down, centralized approach to leading change.

As author Gary Hamel explains, today's organizations "were simply never designed to change proactively and deeply – they were built for discipline and efficiency, enforced through hierarchy and routinization. As a result, there's a mismatch between the pace of change in the external environment and the fastest possible pace of change at most organizations."<sup>46</sup> By adopting a linear change process that takes years to implement, the original environment in which change was initiated could be completely different by the time the planned change starts to take root. By then, any number of other issues may have arisen concurrent to the ongoing change model, necessitating even more change. As we saw in Chapter 1, industrial age organizations aren't agile enough to keep pace with a rapidly changing environment. "[Lewin's] linear approach – first unfreeze, then move, and finally refreeze – underestimates the potential for complex group dynamics to shift significantly during the intervention process."<sup>47</sup> A linear change model, though rooted in sound organizational theory, does not provide the solutions needed by organizations operating in the information age.

The other aspect of industrial change models that falls short of information age requirements is the focus on top-level leadership doing all the thinking and planning for the change effort. There are a number of concerns with this approach, not least of which is the leadership's attempt to exert control over the organization's processes. Pasmore comments that in an attempt to control the change process, rigid organizations "want to divide their response into a series of independent projects, each with its own plans, schedules, and leaders. They want elaborate plans and regular progress metrics so that leaders can intervene when issues arise. They

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<sup>46</sup> Gary Hamel and Michele Zanini, "Build a Change Platform"...

<sup>47</sup> Bert Spector, *Implementing Organizational Change...*, 30.

want to keep things under control, as if complex change can actually *be controlled*.”<sup>48</sup> The primary criticism here is that any attempt to tightly control a complex change process will likely result in failure. The more a hierarchy tries to impose a rigid step-by-step solution to resolve a complex issue, the worse off things will become.

By relying on the executive leadership to identify the need for and successfully implement a change initiative, industrial age change models miss out on arguably the most potent source for positive change – the workers themselves. Unfortunately, “Bureaucratic cultures can smother those who want to respond to shifting conditions.”<sup>49</sup> As a worker in an industrial age organization, it can be exceptionally difficult to initiate change from the bottom up. As Kotter writes, “Employees in large, older firms often have difficulty getting a transformation process started because of the lack of leadership coupled with arrogance, insularity, and bureaucracy.”<sup>50</sup> The very hallmarks of an industrial age organization keep it locked in the past, unable to implement the change it needs to stay relevant and competitive.

Bill Pasmore writes that, despite living in a digital age, “we run our organizations the same way our ancestors did: slow, plodding decisions; disconnected actions; long feedback loops that lead to slow course corrections; underfunded and under-resourced efforts that compete with one another for time and attention; sending things up the hierarchy for approval.”<sup>51</sup> The consequences of hanging on to outdated methods can be dire and one doesn’t have to look far to notice the significant impact of holding onto the past. “Blockbuster Video stores stayed committed to their bricks and mortar strategies when the world was shifting to digital

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<sup>48</sup> Bill Pasmore, *Leading Continuous Change...*, 158.

<sup>49</sup> John Kotter, *Leading Change...*, 32.

<sup>50</sup> *Ibid.*, 32.

<sup>51</sup> Bill Pasmore, *Leading Continuous Change...*, 42.

entertainment.”<sup>52</sup> The result saw the business go from operating thousands of store locations with millions of customers to going bankrupt.

The survival of a company or unit that is structured to operate like Laloux’s amber organizations is constantly threatened by complex change. Implementing a lengthy change model that was built to perpetuate the principles of industrial age organizations may not be the solution. The answer may lie in adopting a new approach to change that challenges the very principles upon which the organization was founded. Instead of leading an organization through a single change effort, research suggests that the most effective way to deal with highly complex, continuous change is to build a new model.

### **Information Age Change Models**

Keeping up with a rapidly changing world requires a new way of thinking about change. Conventional models developed for industrial age organizations are based on thorough research and analysis but are fundamentally flawed. Organizations are starting to re-organize themselves based on a completely different set of principles. “Companies are moving from the hierarchical and bureaucratic model of organization that has characterized corporations since World War II to what we call the task-driven organization where what has to be done governs who works with whom and who leads.”<sup>53</sup> This section will review two models that are rooted in this philosophy, followed by an exploration of eight distinct characteristics of information-age change models.

The first model was developed by researcher and author Gary Hamel. His model is framed by his observation of three key assumptions that limit the efficacy of the traditional change model.<sup>54</sup> The first assumption is that change starts at the top: “This mindset implies that

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<sup>52</sup> *Ibid.*, 4.

<sup>53</sup> Beer, Eisenstat, and Spector, “Why Change Programs Don’t Produce Change,” *On Change Management* (Boston: Harvard Business Review Press, 2011), 178.

<sup>54</sup> Gary Hamel and Michele Zanini, “Build a Change Platform”...

executives have the sole right to initiate deep change and are best placed to judge when it is necessary. Truth is, executives are often the last to know.”<sup>55</sup> The second assumption is that change needs to be rolled out: “Traditional change programs fail to harness the discretionary creativity and energy of employees and often generate cynicism and resistance...Despite assertions to the contrary, people aren’t against change – they are against royal edicts.”<sup>56</sup> And third, there is an assumption that change can be engineered: “The phrase “Change Management” implies that deep change can be managed, like a large-scale construction project or an IT overhaul. But if change is truly transformational – if it breaks new ground – it can’t be predetermined.”<sup>57</sup> All three of these assumptions led Hamel to develop the concept of what he calls a “change platform.”

The first principle that Hamel discusses to correct these false assumptions is the need to shift from top-down to activist-out: “Transformational change conventionally starts at the top because companies haven’t enabled it to start anywhere else. To make deep change proactive and pervasive, the responsibility for initiating change needs to be syndicated across the organization.”<sup>58</sup> Second, a shift needs to occur to move from actively selling the value of a change program to inviting workers to create it themselves: “Transformational change cannot be sustained without genuine commitment on the part of those who will be most affected. This commitment is best achieved by bidding out the change program’s “how” to everyone in the organization.”<sup>59</sup> Finally, Hamel proposes that change needs to shift from being managed to become more organic: “This approach means placing less emphasis on building a powerful project-management office and more on building self-organizing communities that identify,

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<sup>55</sup> *Ibid.*

<sup>56</sup> *Ibid.*

<sup>57</sup> *Ibid.*

<sup>58</sup> *Ibid.*

<sup>59</sup> *Ibid.*

experiment, and eventually scale new initiatives.”<sup>60</sup> These three principles address the main concerns Hamel has with commonly practiced change models. His work focuses on the importance of empowering employees to share in the vision and contribute their ideas and efforts to a common goal.

The second model that will be reviewed was developed by researcher and author Bill Pasmore. Working as a consultant for many years, Pasmore noticed the distinct shift in the pace of change among organizations of all types. He comments that, “We are confronted with even more and faster change... We need to get better at change – much better – and we need to do so quickly.”<sup>61</sup> As with Hamel, Pasmore saw the limitations of linear, top-down change models and recognized that the speed of change in the real world was easily out-pacing industrial-age organizations everywhere. He proposed a cyclical model, the final stage of which could potentially lead directly into another change cycle. He also proposes that his model can be initiated concurrent to other change projects, thereby increasing the capacity for change within an organization.

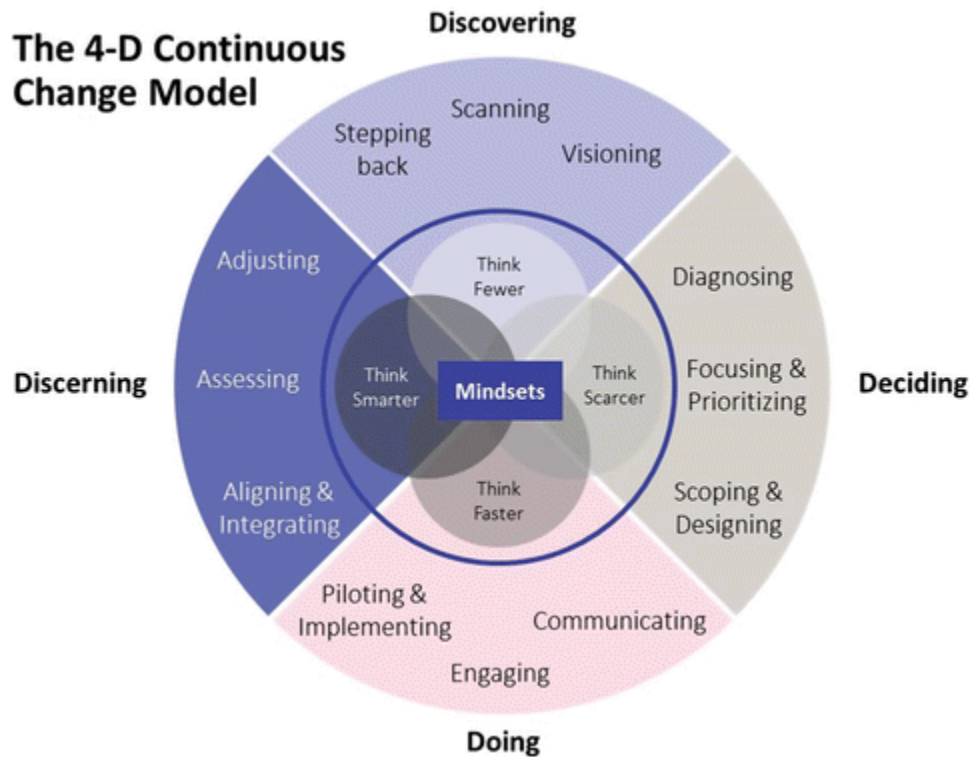
To focus the minds of the change agents, Pasmore suggests adopting four mindsets as they work through the change process. The first two, “think fewer” and “think scarcer,” directly address the potential for people to get drawn into too many change opportunities at the same time. Pasmore calls for calm discernment to make calculated decisions about which change initiatives to pursue and how to design them. “Think faster” is a mindset that is intended to break the mold of lengthy prototype stages that are closed to outside input, ultimately risking the success of the final product. Instead, Pasmore argues for a rapid prototyping mentality in which multiple options are explored concurrently and trialed as quickly as possible. Finally, “think

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<sup>60</sup> *Ibid.*

<sup>61</sup> Bill Pasmore, *Leading Continuous Change...*, xv.

smarter” refers to the necessity of gathering all the relevant data from the change cycle and adjusting the process as required. Doing so ensures that future change cycles will benefit from the work of the previous change cycle.



**Figure 3.2 – Pasmore’s 4D Continuous Change Model**

Source: Pasmore, *Leading Continuous Change*, 39.

The models proposed by Hamel and Pasmore contain several similarities, some of which are related to the change process while others are related to the nature of information age organizations. The most significant characteristics can be grouped into eight categories: continuous horizon scanning, continuous change, prioritization, empowerment, rapid prototyping, the value of honesty, organic control of the change process, and psychological safety in the workplace. Each of these characteristics will be explored further.

The first characteristic that emerges from the discussion of continuous change is the necessity for constant horizon scanning and accurate diagnosis of change requirements. “The

purpose of diagnosis is to understand why there is a gap between what is and what we want. If our process of diagnosing is riddled with holes, the actions we take to close the gap will probably prove ineffective.”<sup>62</sup> It is imperative in an information age organization to understand what data will contribute to their success and what is superfluous. An information-age approach relies on a constant feed of new, relevant information that is processed to assist in the diagnosis of new change initiatives.

The second characteristic that emerges from the literature is that of continuous change that occurs concurrent to other changes. Pasmore argues that, “The real world demands that we respond to change at the pace that it is occurring, not on our own schedule of when it’s most convenient.”<sup>63</sup> No organization is ever faced with the requirement to change one thing at a time. Especially as the pace of society and information quickens, organizations need to deal with multiple changes at the same time. Hamel’s proposed model addresses this need directly: “What’s needed is a real-time, socially constructed approach to change, so that the leader’s job isn’t to design a change program but to *build a change platform* – one that allows anyone to initiate change, recruit confederates, suggest solutions, and launch experiments.”<sup>64</sup>

The third characteristic of information-age change models is that of prioritization. With an overwhelming amount of information and opportunity, organizations must exercise an ever-greater amount of discipline when deciding which changes to implement. However, the decision process shouldn’t be restricted to a deliberate, multi-stage event. Rather, “complex, continuous change always involves adjusting the approach and priorities on the fly as new information becomes available. While single changes can be “rolled out,” continuous change is always “a

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<sup>62</sup> Bill Pasmore, *Leading Continuous Change...*, 87.

<sup>63</sup> Bill Pasmore, *Leading Continuous Change...*, 50.

<sup>64</sup> Gary Hamel and Michele Zanini, “Build a Change Platform”...



work in progress.”<sup>65</sup> Prioritization is vital to ensure that the organization doesn’t get overwhelmed, but it can’t just happen once – it needs to continue to occur as the environment changes.

Fourth is the concept of empowerment. As Pasmore writes, “Tapping the collective intelligence of the organization helps the overall change process be faster and more effective, as people lend their commitment and ideas to the effort.”<sup>66</sup> Empowerment is characteristic of both Alberts and Hayes’ edge organizations as well as Laloux’s green organizations. Alberts and Hayes write, “Edge organizations have the attributes to be agile...because agility requires that available information is combined in new ways, that a variety of perspectives are brought to bear.”<sup>67</sup> Taking advantage of all available resources within an organization gives it a distinct advantage and enables it to process new information much more rapidly than industrial age organizations.

The fifth characteristic of information age change models is rapid prototyping, which challenges the practice of building a single grand design before revealing it. Whether the change is in relation to a new product, a new process, a new structure, or an adjustment to a new culture, the concept of rapid prototyping is the same. “The benefits of rapid prototyping to complex, continuous change are easy to understand. So long as one is a little creative, almost any change can be prototyped before being rolled out on a large scale.”<sup>68</sup>

Another key aspect of information age change models is the need for open honesty about the real challenges faced by organizations. “Difficult questions go unanswered because they challenge the assumption that top management really is in control, really does have more

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<sup>65</sup> Bill Pasmore, *Leading Continuous Change...*, 30.

<sup>66</sup> *Ibid.*, 42.

<sup>67</sup> Alberts and Hayes, *Power to the Edge...*, 217.

<sup>68</sup> Bill Pasmore, *Leading Continuous Change...*, 119.

accurate foresight than anyone else in the corporation, and already has a clear and compelling view of the company's future. Senior managers are often unwilling to confront these illusions.”<sup>69</sup>

If real change is desired, the people involved need to be open to having frank conversations about the realities of the organization and its environment. If the truth is withheld and glossed over, the change effort will likely focus on the wrong area and fail.

The seventh characteristic that emerges is the organic nature of information age organizations and how this feeds a constant evolution. “Organic controls, which are intended to increase employee flexibility and creativity, rely on shared values and clarity about overall strategy and performance expectations.”<sup>70</sup> By prioritizing the shared values and vision of the organization, there is less requirement for senior leadership to decide what changes need to be made. Instead, people from throughout the organization can initiate change wherever they see the need. Change is therefore brought about in a much more natural, organic way, as opposed to the rigid, linear processes of the industrial age.

The final characteristic of information age change is the necessity for psychological safety in the workplace. “The person who is the change *target* must begin to see that change is possible and is beneficial, and that the change leader can become a helper in the new learning process.”<sup>71</sup> If a member of an organization feels like their ideas for change efforts are going to be criticized and rejected, they are much less likely to bring them up. If, however, the organization creates an environment in which new ideas are welcome and all members feel like their views are valued, much more creativity will begin to flow. In a ground-breaking study conducted at Google called Project Aristotle, a group of psychologists found that there was one factor among

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<sup>69</sup> Gary Hamel and C.K. Prahalad, “Competing for the Future,” *Classics of Organizational Behavior 4<sup>th</sup> ed.* (Long Grove: Waveland Press, 2011), 592.

<sup>70</sup> Bert Spector, *Implementing Organizational Change...*, 85.

<sup>71</sup> Edgar Schein, *Organizational Culture and Leadership...*, 328.

all the groups they studied that was most closely linked to success. That factor was psychological safety. When the members all felt like they belonged and were safe to contribute, the group's productivity and effectiveness soared.<sup>72</sup>

## **Conclusion**

This chapter demonstrates that there are many ways to approach change initiatives, none of which can be employed in all situations. Every organization is unique, and every change initiative is equally unique, and applying the same change model to each problem is therefore not likely to succeed. Leaders of change need to start with a broader understanding of the factors involved. Arguably the most influential factors affecting change are leadership and resistance, both of which will be discussed in the next chapter.

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<sup>72</sup> Charles Duhigg, "What Google Learned from Its Quest to Build the Perfect Team," *New York Times Magazine*, last accessed 18 July 2018, <https://www.nytimes.com/2016/02/28/magazine/what-google-learned-from-its-quest-to-build-the-perfect-team.html>

## CHAPTER 4 – LEADERSHIP AND RESISTANCE

### The Importance of Leadership During Change

Whether an organization is rooted in the industrial age or information age, whether it is going through a linear, multi-stage change process or is experiencing complex, continuous change, one factor remains paramount: leadership. The importance of strong leadership during periods of change is reflected throughout change literature. Notably, eight leadership characteristics emerge as the most strongly correlated to successful change efforts. These are self-awareness, clarity of vision, inspirational motivation, ambition, knowledge, humility, tolerance for ambiguity, and perseverance.

When it comes to self-awareness, Leo Tolstoy observed, “Everyone thinks of changing the world, but no one thinks of changing himself.”<sup>73</sup> Leaders often fall victim to the trap of trying to influence extrinsic factors without being conscious of how they, themselves, are involved and implicated. One’s own inner world of assumptions, beliefs and values is so real to the individual that it can go unnoticed. As a result, leaders are not always conscious that their perceptions and decisions are reflections of personal paradigms rather than the reality of their environment.<sup>74</sup> For example, if a CEO of a technology company has a long-standing rivalry with the leadership of a competitive company, his decision to change his company may be influenced more by his ego than by relevant market conditions. This can lead to an over- or underestimation of how one’s overt decisions or more subtle nonverbal cues can influence the behaviour of others.<sup>75</sup> If a leader is serious about changing their organization, they need to start by examining themselves. By seeking to understand their real motivations for change and biases towards the process, change

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<sup>73</sup> Nate Boaz and Erica Ariel Fox, “Change Leader, Change Thyself.” *McKinsey Quarterly* (March 2014). <https://www.mckinsey.com/featured-insights/leadership/change-leader-change-thyself>.

<sup>74</sup> *Ibid.*

<sup>75</sup> John Kotter, *Leading Change...*, 5.

leaders can ground themselves in the truth and make decisions that will guide their organization towards success.

Secondly, when a leader decides to initiate change, success depends on clarity of vision. If followers do not have a good sense of where they fit into the organization's identity and common goal, they cannot be confident that they are headed in the right direction. Without a well-defined vision, the leader risks losing the attention of the group, resulting in confusion and a sense of aimlessness.<sup>76</sup> The vision needs to be clear in the mind of the leader and communicated clearly to the organization. Too broad a vision can swamp an organization with competing change initiatives and a sense of chaos and futility that undermines progress.<sup>77</sup> The vision must be specific enough that employees can check to make sure that their decisions line up with the overall goal, but not so narrow that they are discouraged from using their own discretion.

Another characteristic of successful change leaders is inspirational motivation. This factor describes leaders who “communicate high expectations to followers, inspiring them through motivation to become committed to and a part of the shared vision in the organization.”<sup>78</sup> Developing a clear vision and communicating it clearly often isn't enough to motivate an organization to change. A key ingredient of change leadership is inspiring employees to perform to a higher level than they had envisioned for themselves. Northouse recommends “telling stories and using symbols and metaphors in their conversations with followers to nurture a deep sense of self-efficacy and resilience in their followers.”<sup>79</sup> When a leader is tuned into the personal and emotional needs of the group and makes the effort to inspire them, the group is more likely to respond in a favourable way.

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<sup>76</sup> W. Warner Burke, “Leading Organizational Change,” *Organization Change: A Comprehensive Reader* (San Francisco: Jossey-Bass, 2009), 747.

<sup>77</sup> Bill Pasmore, *Leading Continuous Change...*, 71.

<sup>78</sup> Peter Northouse *Leadership: Theory and Practice*, 7<sup>th</sup> ed. (Thousand Oaks: Sage, 2016), 202.

<sup>79</sup> Julian Barling, *The Science of Leadership* (New York: Oxford University Press, 2014), 7.

The ambition of the leader also plays a key role in the transformation process. Any leader who embarks on a journey of change needs to have a sufficiently strong reason for doing so, otherwise their motivation will dissolve at the first sign of resistance. To create the spark for change, a leader needs to have a “healthy dissatisfaction with the status quo.”<sup>80</sup> What is important to differentiate here is that dissatisfaction can often lead to negativity and fear, whereas the most successful change efforts avoid this in favour of a more positive outlook. As Peter Fuda notes, “research suggests that although fear may provide the initial spark for action, aspiration is a far more important motivator.”<sup>81</sup> The most powerful approach a leader can take is by following their intuition to build something new and instill hope for a better future.

“Knowledge” refers to an understanding of the nature and process of corporate change. Knowledge helps insulate a leader against becoming overwhelmed by options and advice when faced with the necessity of organizational change.<sup>82</sup> When a leader embarks on a change mission without the requisite tools and knowledge, an organization risks falling into a quagmire of confusion and disruption without a clear path to the future.<sup>83</sup> As argued above, a leader stands a much better chance to make appropriate decisions that will help an organization achieve its goals of transformation when she takes the time to research the process and become better informed about the dynamics of organizational behaviour.

Aided by the self-awareness discussed earlier, a leader will ideally see one’s own limitations and the incredible, unlimited potential of other group members. One way of exercising humility is empowering group members to find solutions to the problem that has necessitated the change initiative. By trying to maintain control over the process, a leader risks

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<sup>80</sup> W. Warner Burkner, “Leading Organizational Change”..., 739.

<sup>81</sup> Peter Fuda, “Change This Manifesto”...

<sup>82</sup> Michael Beer and Nitin Nohria, “Cracking the Code of Change”..., 137.

<sup>83</sup> John Kotter, *Leading Change*..., 20.

stifling creativity and subverting the entire process.<sup>84</sup> Conversely, leaders who diminish their own need for control over the change process leverages the intelligence, motivation, and skills of everyone involved, and increases the likelihood of success. A side benefit of empowering others is that the leader no longer has to explain every minute decision, since they are dispersed throughout all levels.<sup>85</sup>

Dealing with the uncertainties and complexities of change can be challenging even for the most experienced and highly trained leaders. To maintain focus and resolve in such trying times, a leader cannot afford to be rigid and narrow-minded, blocking out unpleasant information.<sup>86</sup> The risks of a leader maintaining such a narrow perspective can be catastrophic for an organization. Instead, one needs the courage to try new things and be open to innovation, even when it is uncomfortable. “Exemplary leaders are like pioneers: They want to experiment and try new things. They are willing to take risks to make things better.”<sup>87</sup> The pioneer illustration is well-suited for a change leader. Facing unknown circumstances on a continual basis can become exhausting and takes a certain type of individual to withstand the lack of certainty.<sup>88</sup> When a leader is capable of handling uncertainty and maintaining one’s priorities, complex change becomes much more manageable and the organization directly benefits as a result.

Finally, the quality of perseverance is required in the face of unforeseen challenges to a change initiative. Leaders can increase their own perseverance, as well as that of their followers, when they do not underestimate how long the change will take or overestimate the willingness of

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<sup>84</sup> Bert Spector, *Implementing Organizational Change...*, 161.

<sup>85</sup> Ronald Heifetz and Marty Linsky, “A Survival Guide for Leaders.” *On Change Management* (Boston: Harvard Business Review Press, 2011), 110.

<sup>86</sup> Bill Pasmore, *Leading Continuous Change...*, 19.

<sup>87</sup> Peter Northouse, *Leadership: Theory and Practice...*, 207.

<sup>88</sup> W. Warner Burkner, “Leading Organizational Change”..., 738.

the organization to adapt. “People quit believing when promises are not kept and nothing happens as a result.”<sup>89</sup> In order for the change effort to succeed, a leader needs to set the example by being fully committed to seeing it through long-term, and pressing through inevitable challenges.<sup>90</sup> Empowering people to lead their own initiatives doesn’t guarantee that they will have the motivation to see it through. By persevering and remaining committed to the goal of transformation, the leader can provide a critical function in enabling the change to take root.

### Emotional Intelligence

*Would you have a great empire? Rule over yourself.*

– Publius Syrus

The aspects of leadership outlined above highlight some of the most common themes found in change literature. One topic that warrants special attention is that of emotional intelligence. Booker T. Washington observed that “Those who have accomplished the greatest results are those who ‘keep under the body’; are those who never grow excited or lose self-control, but are always calm, self-possessed, patient, and polite.”<sup>91</sup> It is this self-mastery that enables leaders to rise above their own ego and achieve broader organizational goals. Researcher Daniel Goldman outlines the five components of emotional intelligence at work in the book *Classics of Organizational Behavior*:

**Table 4.1 – The Five Components of Emotional Intelligence at Work**

	<b>Definition</b>	<b>Hallmarks</b>
<b>Self-Awareness</b>	-the ability to recognize and understand your moods, emotions, and drives, as well as their effect on others	-self-confidence -realistic self-assessment -self-deprecating sense of humor
<b>Self-Regulation</b>	-the ability to control or redirect disruptive impulses and moods -the propensity to suspend judgment – to think before acting	-trustworthiness and integrity -comfort with ambiguity -openness to change
<b>Motivation</b>	-a passion to work for reasons that go	-strong drive to achieve

<sup>89</sup> Bill Pasmore, *Leading Continuous Change...*, 74.

<sup>90</sup> W. Warner Burker, “Leading Organizational Change”..., 753.

<sup>91</sup> Ryan Holiday, *Ego is the Enemy* (New York: Portfolio/Penguin, 2016), 59.



	beyond money or status -a propensity to pursue goals with energy and persistence	-optimism, even in the face of failure -organizational commitment
<b>Empathy</b>	-the ability to understand the emotional makeup of other people -skill in treating people according to their emotional reactions	-expertise in building and retaining talent -cross-cultural sensitivity -service to clients and customers
<b>Social Skill</b>	- proficiency in managing relationships and building networks - an ability to find common ground and build rapport	- effectiveness in leading change - persuasiveness - expertise in building and leading teams

Source: Daniel Goldman, *Classics of Organizational Behavior*, 609.

As this table clearly shows, the impact of emotional intelligence on leading organizational change is significant. The importance of self-awareness, communication, dealing with the emotional resistance in others, and openness to change are repeated throughout the literature.

The higher the emotional intelligence of the change agent is, the more likely their change efforts are to succeed.

### **Resistance to Change**

Leading major organizational change often involves radically reconfiguring a complex network of people, tasks, and institutions that have achieved a kind of *modus vivendi*, no matter how dysfunctional it appears to you. When the status quo is upset, people feel a sense of profound loss and dashed expectations. They may go through a period of feeling incompetent or disloyal. It's no wonder they resist the change or try to eliminate its visible agent.<sup>92</sup>

When an organization is faced with the necessity of change, there are significant forces at work for and against the change effort. Most of the research reviewed so far has been aimed at those with a vested interest in seeing the change succeed, providing them with lessons learned and helpful models to use as guidelines through the change process. But equally important to the change agent is an understanding of resistance and how to deal with its inevitable rise.

Resistance can come in many different forms during all phases of a change initiative, and Kotter lists a number of sources: "inwardly focused cultures, paralyzing bureaucracy, parochial politics,

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<sup>92</sup> Ronald Heifetz and Marty Linsky, "A Survival Guide for Leaders"..., 110.

a low level of trust, lack of teamwork, arrogant attitudes, a lack of leadership in middle management, and the general human fear of the unknown.”<sup>93</sup> Goodwin Watson saw resistance divided in two categories: personality and social systems. Robert Marshak explored the layers of resistance that go beyond what can be rationally explained, revealing a hidden world of core issues.

Goodwin Watson produced a paper in 1967 in which he noted that resistance is a concept that depends on one’s perspective. Commenting on the forces that contribute to stability in personality and social systems, he observed that, “From the standpoint of an ambitious and energetic change agent, these energies are seen as obstructions. From a broader and more inclusive perspective, the tendencies to achieve, to preserve, and to return to equilibrium are most salutary.”<sup>94</sup> In other words, perspective is a critical aspect of diagnosing the cause and nature resistance.

Watson identified resistance driven by the individual personality of the change targets, as well as that arising out of social systems. The first of eight personality-related causes of resistance is that of homeostasis, or the natural laws governing the physical world: “the human body has built-in regulatory mechanisms for keeping fairly constant such physiological states as temperature or blood sugar.”<sup>95</sup> The natural tendency towards homeostasis generates a reaction to change that attempts to return the organism back to its original state, which could be perceived as resistance. Second, and similar to homeostasis is habit, which simply explains how organisms will continue operating in a steady state unless acted upon externally, demonstrating a preference for the familiar. To overcome these natural laws, a change leader can focus his or her efforts on encouraging employees with the hope of a desirable future state.

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<sup>93</sup> John Kotter, *Leading Change...*, 22.

<sup>94</sup> Goodwin Watson, “Resistance to Change”..., 364.

<sup>95</sup> *Ibid.*, 365.

Next, Watson proposed the concept of primacy: “the way in which the organism first successfully copes with a situation sets a pattern, which is unusually persistent.”<sup>96</sup> As soon as someone learns a behaviour or a process, he is likely to favour it simple because it was the first one he learned. By drawing attention to this type of resistance, change leaders can address the false logic and potentially convince others to see that the original process may not be optimal, creating a desire to improve.

Selective perception and retention is another factor, by which Watson refers to how people only see and hear what things that are in line with their beliefs or perceptions. “Experiments with materials designed to bring about changes in attitude revealed that subjects did not hear clearly, nor remember well, communications with which they disagreed.”<sup>97</sup> By challenging the group’s beliefs or perceptions, a change leader may be able to realign the groups vision with his or her own and inspire the willingness to change.

The fifth source of resistance in personality is dependence. In this concept, Watson explores the tendencies of humans to imitate and introject the behaviour of those who came before them, naturally resistant to disrupting the methods of those who raised them or taught them. Here, a change leader can strengthen her efforts by seeking to understand the history of an organization and the views of its most influential leaders. With this understanding, a change leader can properly diagnose the source of resistance and accurately focus his or her energy. Another, similarly irrational personal factor is the what Watson called superego, an adherence to an impossibly high standard of performance based on rules imparted on humans as young infants. Overcoming this complex and operating out of true independent thought is exceedingly difficult and rare.

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<sup>96</sup> *Ibid.*, 367.

<sup>97</sup> *Ibid.*, 367.

Self-distrust can be summed up in the question, “Who am I to suggest changes in what the wisdom of the past has established?”<sup>98</sup> To overcome this, leaders can motivate individuals to see their own value and strength, superseding the wisdom of the past. Historical wisdom can be helpful, but when it is not applicable to present circumstances, it is of little value.

Insecurity and regression make up the final category of resistance at the level of personality. Watson expresses the irony of “when old ways no longer produce the desired outcome...individuals are apt at such a time to cling even more desperately to the old and unproductive behavior patterns.”<sup>99</sup> The anxiety caused by fear of the unknown pushes people to regress and avoid change, when in fact change may be exactly what is needed to overcome the challenge.

The second category of Watson’s research into resistance deals with the forces at work in social systems at the organizational level. The first of these factors is conformity to norms: “Norms make it possible for members of a system to work together. Each knows what to expect in the other. The abnormal or anomic is disruptive.”<sup>100</sup> The group essentially needs a common framework of doing business to make collective effort possible; when people go against this, even if it is objectively a better way of doing things, the group tends to reject the effort.

The second factor is systemic and cultural coherence, which addresses the concept that changing one part of an organization has second and third order effects across the entire organization that could derail the initial change effort. “Advance in one sector cannot proceed far ahead of change in other sectors.”<sup>101</sup> This factor has a particularly strong effect against industrial age organizations, which are not built to sustain change. An example is if a military unit decides

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<sup>98</sup> *Ibid.*, 369.

<sup>99</sup> *Ibid.*

<sup>100</sup> *Ibid.*, 370.

<sup>101</sup> *Ibid.*, 371.

to reorganize its structure to better suit its mission without taking into account the cultural implications associated with the change. Unintended consequences can become far more severe if an organization cannot adapt to complex changes.

“Vested interests” refers to the way change might appear to threaten aspects of employment that people value. For example, restructuring may be resisted if there is a fear of losing employment as a result. This is where empowerment could be particularly valuable, because employees who initiate change at their level would never change the things they value. Rather, their change initiatives would likely enhance the aspects of employment that they value, making their commitment to the organization stronger.

Watson dubbed the fourth factor as “the sacrosanct.” He remarks that when a proposed change edges closer to something that the group holds sacred, resistance invariably increases.<sup>102</sup> Sacred in this sense refers to ideas that the group believes should not be questioned, not necessarily associated with religion. For example, if a company maintains a certain procedure that was initially established by a deceased leader that was well-loved, employees may not want to change it out of respect.

The final factor of resistance in social systems is the rejection of “outsiders.” Watson writes that “A major problem in introducing social change is to secure enough local initiative and participation so the enterprise will not be vulnerable as a foreign importation.”<sup>103</sup> If change is perceived as coming from outside the organization, resistance will inevitably increase. In contrast, if the change can be initiated internally, people are much more receptive to adopting to a new way of doing business that is generated from within their community.

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<sup>102</sup> *Ibid.*

<sup>103</sup> *Ibid.*, 373.

Below is a summary of Watson’s work that lists the factors of resistance in personality and social systems along with a representative quote:

**Table 4.2 – Resistance in Personality and Social Systems**

<b>Resistance in Personality</b>	
Homeostasis	“Exercise increases pulse rate, but “resistance” to this change presently brings the heartbeat back to normal.”
Habit	“Unless the situation changes noticeably, organisms will continue to respond in their accustomed way.”
Primacy	“It is often observed that teachers continue to teach as they themselves were taught.”
Selective Perception and Retention	“Experiments with materials designed to bring about changes in attitude revealed that subjects did not hear clearly, nor remember well, communications with which they disagreed.”
Dependence	“All human beings begin life dependent upon adults who incorporate ways of behaving that were established before the newcomer arrived on the scene.”
Superego	An individual needs considerable ego strength to become able to cope realistically with changing life situations in disregard for the unrealistic, perfectionist demands of the Superego.
Self-Distrust	“Who am I to suggest changes in what the wisdom of the past has established?”
Insecurity and Regression	“When life grows difficult and frustrating, individuals think with nostalgia about the happy days of the past.”
<b>Resistance to Change in Social Systems</b>	
Conformity to Norms	“Norms make it possible for members of a system to work together. Each knows what to expect in the other. The abnormal or anomic is disruptive.”
Systemic and Cultural Coherence	“No part of institutional change is an ‘island unto itself.’”
Vested Interest	“A few powerful political or financial interests can block programs desired by a large majority of ordinary citizens.”
The Sacrosanct	How many female priests do you know?
Rejection of “Outsiders”	“Few psychological traits of human beings are so universal as that of suspicion and hostility toward strange outsiders.”

Source: Goodwin Watson, “Resistance to Change,” 365-373.

To assist change agents in facing the challenges that resistance creates, Watson compiled a list of recommendations. This list is not exhaustive but provides useful insight into how one might address these complex issues affecting change initiatives. It should be noted that Watson insisted that resistance is not something that can be eliminated, but merely managed. The more awareness change agents bring to these ideas, the more likely their change efforts are to succeed.

**Table 4.3 – Recommendations for Overcoming Resistance**

<b>Who brings the change?</b>
<ul style="list-style-type: none"> <li>• Resistance will be less if administrators, teachers, board members, and community leaders feel that the project is their own – not one devised and operated by outsiders</li> <li>• Resistance will be less if the project clearly has wholehearted support from top officials of the system</li> </ul>
<b>What kind of change?</b>
<ul style="list-style-type: none"> <li>• Resistance will be less if participants see the change as reducing rather than increasing their present burdens</li> <li>• Resistance will be less if the project accords with values and ideals that have long been acknowledged by participants</li> <li>• Resistance will be less if the program offers the kind of <i>new</i> experience that interests participants</li> <li>• Resistance will be less if participants feel that their autonomy and their security are not threatened</li> </ul>
<b>Procedures in instituting change</b>
<ul style="list-style-type: none"> <li>• Resistance will be less if participants have joined in diagnostic efforts leading them to agree on what the basic problem is and to feel its importance</li> <li>• Resistance will be less if the project is adopted by consensual group decision</li> <li>• Resistance will be reduced if proponents are able to empathize with opponents, to recognize valid objections, and to take steps to relieve unnecessary fears</li> <li>• Resistance will be reduced if it is recognized that innovations are likely to be misunderstood and misinterpreted, and if provision is made for feedback of perceptions of the project and for further clarification as needed</li> <li>• Resistance will be reduced if participants experience acceptance, support, trust, and confidence in their relations with one another</li> <li>• Resistance will be reduced if the project is kept open to revision and reconsideration if experience dictates that changes would be desirable</li> </ul>

Source: Goodwin Watson, “Resistance to Change,” 374.

Many change agents begin the change process with optimism and ambition, eager to make their visions of a better organization a reality. When they face resistance, leaders often focus on the rational reasons for change and when they can’t find a logical explanation for resistance, they become confused and the change effort loses momentum. Author Robert Marshak’s experience as a US intelligence agent and university professor gave him the opportunity to observe the most imperceptible elements of resistance first hand and research their effects on change. “We expect everyone to be logical and rational and accept the compelling reasons for what has to be done, and therefore not only understand and go along with the changes but even embrace them.”<sup>104</sup> Marshak discusses the concerning actions and mindsets of leaders who are unable to see beyond the rational level to determine where the true resistance is coming

<sup>104</sup> Robert Marshak, *Covert Processes at Work* (San Francisco: Berrett-Koehler, 2006), 6.

from. Because of this closed-mindedness, change agents are at risk of believing that any resistance to their change effort is unfounded and should therefore be disregarded. This often has the unintended effect of even further sabotaging the change effort. The six dimensions of change that Marshak discovered in his research are: reasons, politics, inspirations, emotions, mindsets, and psychodynamics, each of which will be explained below.

The dimension of reason is the easiest to understand. Most change models incorporate some process by which the reason for change is identified and clearly articulated to those affected by the change. “The case for change is invariably a well-documented, logical analysis of the compelling reasons why the organization and the people in it must do something different.”<sup>105</sup> The problems usually arise when resistance cannot be explained with reason and logic. It is important for leaders to identify this experience as a cue for a hidden dimension acting on the change effort, something that should be explored and understood before any drastic decisions are made.

The first of five hidden dimension is that of politics, which can be described as a categorization of individual and group interests. It is common knowledge that people and groups have a tendency to favour their own needs and interests, but “actions based on your own interests are deemed to be ‘political,’ and being political is considered inappropriate behavior in most organizations.”<sup>106</sup> Instead of facing the reality of how people and think, there is a risk of change agents criticizing this behaviour rather than addressing it as a valid objection to the change process.

The second hidden dimension is inspirations, or the power of heart over head. Marshak cites the work of John Kotter and Dan Cohen to describe this effect: “Most change efforts are

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<sup>105</sup> *Ibid.*, 5.

<sup>106</sup> *Ibid.*, 7.



based solely on the core method of *analysis-think-change*, and that most change efforts fail as a result.”<sup>107</sup> By shifting the focus from logical analysis-driven change to a more inspirational approach, leaders are able to deliver a compelling vision that evokes an emotional response in the group, which subsequently leads to changed behaviours and actions. Kotter and Cohen contend that this approach, which they call “*see-feel-change*,” is almost always associated with successful change efforts.<sup>108</sup>

The third hidden dimension is emotions. “Historically, emotions have been viewed as the enemy of reason and thus to be overcome or suppressed. This attitude pervades the organizational world, where decision-making by logic and analysis – not emotion – is extolled as a virtue.”<sup>109</sup> Emotions exert a significant amount of influence over change efforts, whether people choose to acknowledge their power or not. Trying to overcome fear, anxiety, love, excitement, and sadness by only addressing the logical rationale for a change effort is a sure way to end the process prematurely. By acknowledging the presence of emotions and enabling them to come out and be dealt with appropriately, change agents can leverage emotional power to fuel change instead of letting it covertly sabotage the change process.

Similar to Watson’s primacy and habit, the fourth hidden dimension of change is mindsets, which are often governed by unexamined beliefs and values. “These covert beliefs, values, and assumptions guide and interpret the most fundamental aspects of organizational life. Individual and organizational mindsets can thus form covert conceptual traps that limit our thinking and require a mental revolution to change how we act and react in the world.”<sup>110</sup> Imagine a poor child growing up in a rough neighbourhood thinking that they’ll never amount to

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<sup>107</sup> *Ibid.*, 9.

<sup>108</sup> *Ibid.*

<sup>109</sup> *Ibid.*

<sup>110</sup> *Ibid.*, 12.

anything in life. The challenge in dealing with these mindsets is that people can be influenced by them without even knowing it. It is almost impossible to ask someone about their guiding beliefs and values and get an honest, accurate answer when so much of the self-concept is subconscious. By bringing awareness to the idea, however, a change agent can help surface some of the assumptions working against the process and work through them to achieve the desired end state.

The fifth and final hidden dimension of change is what Marshak calls “psychodynamics.” The dimension of psychodynamics is often the most difficult to deal with because “considering the covert, unconscious reactions and dynamics is almost always considered off-limits in the workplace.”<sup>111</sup> Despite being taboo, considering the impact of psychodynamics can lead to very enlightening truths about the group and the nature of the resistance. If, for example, a change agent is discussing change with a group and is faced with defensiveness and accusatory outbursts, it is likely a sign that the discussion has struck a hidden nerve. Though this level of resistance is extremely difficult to identify, much less deal with, it is important to consider the impact it has on the change process. As discussed in the section about the importance of leadership during change, and specifically the characteristic of self-awareness, change agents can only effectively deal with their own issues. By doing so, they can demonstrate the courage necessary to overcome the deep-seated resistance and open themselves and others to the possibility of lasting change.

Marshak’s work offers a unique insight into the hidden world of resistance that most never consider and many never see. Despite the limitations that leaders face when trying to overcome these issues, there is hope. Marshak produced a helpful list of questions that address each of the six dimensions of change to assist change agents preparing to face these challenges:

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<sup>111</sup> *Ibid.*, 13.

Table 4.4 – Six Dimensions of Organizational Change

<b>1.Reasons: Rational and Analytic Logics</b>	<ul style="list-style-type: none"> <li>• Are we clear about our intended outcomes and criteria?</li> <li>• Have we analyzed the forces and reasons for change related to our intended outcome and criteria?</li> <li>• Have we considered all the options and selected the one most likely to succeed?</li> <li>• Have we made a strong and persuasive case for change?</li> <li>• Do we have a clear implementation plan and process?</li> </ul>
<b>2.Politics: Individual and Group Interests</b>	<ul style="list-style-type: none"> <li>• Who are the key stakeholders with interests related to this change and, based on their needs, how might they perceive this change?</li> <li>• What sources of power or influence do they have to impact the change?</li> <li>• How will we deal with each critical stakeholder to ensure support for the change?</li> <li>• Will we need to modify our proposal to gain enough support by those who could block our plan?</li> <li>• How will we continue to monitor the shifting needs, interests, and political processes as the change unfolds?</li> </ul>
<b>3.Inspirations: Values-Based and Visionary Aspirations</b>	<ul style="list-style-type: none"> <li>• What are the key values and aspirations of organizational members?</li> <li>• How will those values and aspirations be impacted or energized by the proposed change?</li> <li>• How can we present or modify our proposed change to inspire and enlist people?</li> <li>• Do we have leaders with the skills and abilities to inspire people about the change?</li> <li>• How do we develop leaders with basic inspirational skills and abilities?</li> </ul>
<b>4.Emotions: Affective and Reactive Feelings</b>	<ul style="list-style-type: none"> <li>• Which people may become mad, glad, sad, or afraid due to the proposed change?</li> <li>• Do we understand and accept that emotional reactions are a normal reaction to change and loss?</li> <li>• How will we create settings where emotions can be expressed in constructive and appropriate ways?</li> <li>• Do we have leaders with the emotional intelligence and skills to deal with people who are emotional about change?</li> <li>• How do we develop leaders with basic emotional intelligence skills and abilities?</li> </ul>
<b>5.Mindsets: Guiding Beliefs and Assumptions</b>	<ul style="list-style-type: none"> <li>• What are the key assumptions and beliefs currently limiting the possibilities for change?</li> <li>• What are the alternative assumptions and beliefs underlying our change proposal?</li> <li>• How will we change people’s mindsets to allow them to see the new possibilities?</li> <li>• Do we have leaders who are aware of their own mindsets and can practice double-loop learning as needed during the change effort?</li> <li>• How do we develop leaders with the ability to challenge their own thinking and strongly held assumptions and beliefs?</li> </ul>
<b>6.Psychodynamics: Anxiety-Based and Unconscious Defenses</b>	<ul style="list-style-type: none"> <li>• Do we understand and accept that there may be unconscious reactions by individuals and groups to our change proposal?</li> <li>• Do we know who might have the greatest anxieties, or be threatened the most, by our change proposal?</li> <li>• Do we understand enough of the basic manifestations of unconscious</li> </ul>

	reactions to anxiety to recognize when logic and reason alone may not work? <ul style="list-style-type: none"><li>• Do we have leaders with enough emotional or psychological intelligence and skills to be able to deal at least on some level with the basic unconscious defenses they may encounter?</li><li>• How do we develop leaders with enough basic emotional or psychological intelligence skills and abilities?</li></ul>
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Source: Robert Marshak, *Covert Processes at Work*, 15-16.

## Conclusion

Organizational change is a highly complex undertaking that can result in any number of unintended consequences. Strong leadership is critical to guide the change process and can make the difference between success and failure. In order to achieve success, the change agent also needs to have an understanding of resistance, where it comes from and how to deal with it. Although resistance can never be overcome, understanding it and addressing it head-on can drastically increase the odds of succeeding in change. In the following chapter, three case studies will be presented, each of which clearly shows the significant impact that leadership and resistance can have on a change effort.

## CHAPTER 5 – CASE STUDIES

### Introduction

In this chapter, three case studies from the business world and the military will be showcased to highlight some of the key theoretical lessons discussed in previous chapters. The first case study looks at a failed change initiative at Hewlett Packard, the US technology giant. By bringing in a new CEO from the outside, the company's board members faced bigger changes than they bargained for. The second case looks at a successful change initiative implemented by the commander of a US nuclear submarine, Navy Captain David Marquet. Under his leadership, the crew underwent a transformation from an industrial age mentality controlled by a rigid hierarchy to a collective, dynamic information age mentality in which followers were empowered to become leaders. Finally, the third case will examine a recent situation at the Royal Military College in Kingston, Ontario, in which the senior leadership attempted to impose a culture change on the cadet wing but faced a significant amount of resistance. The leadership resorted to group punishment to change the behaviour of the change targets which increased the resistance even further. All three case studies were chosen because they illustrate key points from the theory and demonstrate the its accuracy.

### Case Study #1 – “Carly’s Way”

#### Background

Founded in 1939, Hewlett Packard (HP) grew from a garage-based start-up to a global enterprise employing over 80,000 employees and revenues of \$42 billion by 1999.<sup>112</sup> Founded on the principles of “treating everyone with respect, sound finances, trust in employees, technical excellence, teamwork, thrift, humility, and hard work,” the company had established itself as a

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<sup>112</sup> Robert Fulmer, Philip Gibbs, and Marshall Goldsmith, “The New HP Way,” *Strategy and Leadership* (Fall 1999), 1.

model American enterprise. However, in the 1990s the company began to lose ground in the market place and shares began to drop. Then CEO Lew Platt agreed to step down from his role and the search for a replacement began.<sup>113</sup>

HP's board of directors decided that it was necessary to hire an executive from outside the company to ensure that the company wouldn't perpetuate the same practices that resulted in their declining market position. They chose Carleton (Carly) Fiorina, a sales executive from the AT&T branch company called Lucent, who began her tenure as CEO with a whirlwind of press releases and media campaigns. She gave direction to the senior leadership within weeks of taking over and, in her words, she "drove the transformation of legendary but deeply troubled HP in the face of opposition."<sup>114</sup> As CEO, she led HP through a massive organizational transformation, through the dot-com crash, and through a merger with Compaq Computer, considered by some to be "the most successful merger in high-tech history."<sup>115</sup> As impressive as this might sound, her leadership created a significant wake of disruption that ultimately led to her termination in 2005. This section will examine HP's transformation to determine what factors led to the organization's failed change initiative.

### Organization and Change Theory Applied

HP founders Bill Hewlett and Dave Packard were known for their personal ethics and strong beliefs and are credited for shaping the direction of the company through personal example.<sup>116</sup> The company they created was structured as a decentralized, flat hierarchical model. There were 156 business "groups" that operated like individual companies which gave

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<sup>113</sup> *Ibid.*

<sup>114</sup> Carleton Fiorina, "Make Tough Choices," *Leadership Excellence* 26, no. 10 (October 2009), 3.

<sup>115</sup> *Ibid.*

<sup>116</sup> Fulmer, Gibbs, and Goldsmith, "The New HP Way"..., 22.

employees a vast amount of control over their work and decision-making.<sup>117</sup> This structure, coupled with Hewlett and Packard's "management by objectives" approach to operations, resulted in what Alberts and Hayes referred to as an "agile" organization. Packard said, "The only way this company is going to run successfully is if we can ensure that there is a maximum flow of information and cooperation between all the elements,"<sup>118</sup> suggesting that he understood the value of empowerment and decentralization. Unfortunately, the company was unable to maintain its agility and it was observed that "HP was no longer a technical leader but had evolved into a huge bureaucracy resistant to change."<sup>119</sup> The agile organization built by the founders had slowly morphed into an organization that mirrored the characteristics of Alberts and Hayes' industrial organization.

When Fiorina assumed the role of CEO, she came in with a deliberate plan of how to change the company, foregoing a formal diagnosis of the problem. One employee commented that "she came in with a recipe, and come hell or high water, she was going to use it."<sup>120</sup> Nearly all change theories and models begin with an assessment or diagnosis phase. Most theorists agree that implementing change without properly diagnosing the problem will inevitably result in failure; however, if a change agent foregoes the diagnosis and jumps straight to changing things, not all is lost. If the change agent remains open to advice and implements the advice of others, the change effort can be salvaged. Unfortunately for HP, Fiorina did neither.

Fiorina did not tolerate internal resistance to her efforts to change the company, but rather saw it as a threat and did not hesitate to remove anyone who opposed her. She once told a reporter that "If one quarter of the people in HP don't want to make the journey or can't take the

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<sup>117</sup> *Ibid.*, 23.

<sup>118</sup> *Ibid.*

<sup>119</sup> *Ibid.*, 1.

<sup>120</sup> Bert Spector, *Implementing Organizational Change...*, 52.

pace, that's the way it has to be."<sup>121</sup> By adopting such an aggressive stance, Fiorina actively dismantled the psychological safety of the organization. As Peter Fuda writes, "A leader's use of fear inducing language can be as much a sign of limited leadership capability as it is a sign of genuine and urgent crisis. It's much easier to scare the crap out of people than it is to inspire them with a compelling vision of the future."<sup>122</sup> Anyone who voiced their opinion about the need for a different approach risked losing their job; to say that the employees felt unsafe under Fiorina's leadership would be an understatement.

One of the biggest concerns of the HP board during Fiorina's time as CEO is that she was closed to the advice and input of others. Former CEO Lew Platt had originally agreed to stay on as an advisor but left within a year complaining that Fiorina wasn't listening to his advice.<sup>123</sup> The direction she gave to the company was top-down, which reinforced the hierarchical nature of the organization. Faced with declining performance, the board urged Fiorina to hire a Chief Executive Officer; she refused, which became a key factor in the board's decision to fire her.<sup>124</sup>

Perhaps most evident was Fiorina's apparent lack of humility. In an article she wrote for a leadership journal in 2009, Fiorina openly criticized the employees at HP: "they did not know how to move forward without their founders. They were afraid that changing *anything* might mean destroying *everything*."<sup>125</sup> She was hired to steer the company through a transformation phase but when her efforts failed, she was quick to blame others.

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<sup>121</sup> *Ibid.*, 189.

<sup>122</sup> Peter Fuda, "Change This Manifesto"...

<sup>123</sup> Craig Johnson, "The Rise and Fall of Carly Fiorina," *Journal of Leadership and Organizational Studies* 15, no. 2 (November 2008), 190.

<sup>124</sup> *Ibid.*, 193.

<sup>125</sup> Carleton Fiorina, "Make Tough Choices"..., 3.



## Lessons Learned

The challenges faced by HP are not unique. In the face of poor performance and dropping stock value, many organizations see the need for change but enter the process without understanding the implications of their actions. Although Fiorina demonstrated characteristics and implemented strategies that undoubtedly harmed the organization, one should also consider who hired her. The board of directors had a responsibility to find the best-suited person for the job and favoured an outsider with a background in sales to lead the company through a major change event. As John Kotter writes, “One bad succession decision at the top of an organization can undermine a decade of hard work.”<sup>126</sup> Should the board have been more diligent in their selection? Should they have acted sooner once they noticed Fiorina’s unwillingness to seek help? These questions can only be answered with the benefit of hindsight, casting a bias on the matter. What is clear is that a general lack of knowledge about leading organizational change led to a tragic outcome for an iconic American business.

## Case Study #2 – “Turn the Ship Around!”

### Background

In 1999, U.S. Navy Captain David Marquet took command of a nuclear-powered fast attack submarine called the U.S.S. Santa Fe, commissioned just five years earlier. Captain Marquet was originally scheduled to take command of a different ship one year later but was specifically chosen to lead the crew from a history of poor performance and low retention to a successful operational deployment.<sup>127</sup> During his time with the Santa Fe, Captain Marquet implemented a series of change initiatives aimed at transforming the culture on board and improving the ship’s track record.

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<sup>126</sup> John Kotter, *Leading Change...*, 15.

<sup>127</sup> David Marquet, *Turn the Ship Around!* (New York: Portfolio Penguin, 2015), 18.

Over the course of Marquet's three-year command appointment, the performance of the Santa Fe improved dramatically. By focusing on specific improvements in culture and behaviour, he and the leadership of the crew were able to achieve a remarkably successful change initiative. The events that transpired are worthy of examination for several reasons: first, it offers a unique insight into different organizational structures and how they affect the performance of a group. Second, it offers a practical example of implementing an evolutionary change initiative, similar to Gary Hamel's concept of building a change platform, that had an immediate, positive effect on the crew.

### Organization and Change Theory Applied

In Chapter 1, the discussion revolved around different types of organizations and the similarities that surfaced among various organizational theories. The U.S. naval nuclear program, as described by Captain Marquet, bears a striking resemblance to Alberts and Hayes' industrial age organizations and Laloux's amber organizations:

The naval nuclear propulsion program has succeeded in developing an alternative to the personality-centered leadership approach: a procedurally centered leadership structure in which the procedure reigns supreme... Yet this emphasis on following the procedure can have a stultifying effect. We take bright operators, train them extensively, and then tell them that the most important thing is to follow the procedure.<sup>128</sup>

Marquet refers to the navy's leadership structure as a "leader-follower" model in which control of the organization is centralized and proper functioning of the system relies on the subordinates following orders.<sup>129</sup> Although this model has created a highly successful legacy of performance on operations, it also limits the capacity of the followers and places all of the decision-making responsibility squarely on the shoulders of the leader. "People who are treated as followers have the expectations of followers and act like followers. As followers, they have

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<sup>128</sup> *Ibid.*, 54.

<sup>129</sup> *Ibid.*, xxii.

limited decision-making authority and little incentive to give the utmost of their intellect, energy, and passion.”<sup>130</sup>

Marquet directly attributed the shortcomings of the ship to this style of leadership and decided to implement a different model which he refers to as “leader-leader.”<sup>131</sup> By pushing control down to lower levels of the chain of command, he established a culture in which everyone is a leader and takes full responsibility for their actions. His method of implementing change is an excellent example of how to empower information-age specialists to reach their full potential and contribute to unforeseen levels of group effectiveness. Marquet commented that “The steps were evolutionary. The result was revolutionary.”<sup>132</sup>

During the process of transformation, Marquet started with self-awareness and acknowledged the limitations of his own knowledge. “Our greatest struggle is within ourselves. Whatever sense we have of thinking we know something is a barrier to continued learning.”<sup>133</sup> With this mindset, he remained open to changing his approach and adjusting his efforts as required. As discussed in Chapter 3, when a leader is grounded in the truth about their environment and can see things clearly, they are more likely to succeed in implementing change.

With his open-minded approach, Marquet focused the crew on achieving excellence rather than avoiding mistakes. He writes that, “Focusing on avoiding errors is helpful for understanding the mechanics of procedures and detecting impending major problems before they occur, but it is a debilitating approach when adopted as the objective of an organization.”<sup>134</sup> By changing the focus of the crew from avoiding a negative to pursuing a positive, it had a fundamental impact on the culture. It also provided the crew with a clear vision of their mission;

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<sup>130</sup> *Ibid.*

<sup>131</sup> *Ibid.*, xxiii.

<sup>132</sup> *Ibid.*, xxv.

<sup>133</sup> *Ibid.*, 1.

<sup>134</sup> *Ibid.*, 44.

with a mission to excel in everything they did, it introduced a much more curious, learning culture on the ship. People became comfortable asking questions and seeking new information, where previously they would have hidden their doubts and spoken only when a solution was available. By establishing a clear vision for the group, Marquet was able to introduce a new way of thinking that drastically improved their performance.

Another major aspect of Marquet's change platform was decentralization and empowerment. Similar to Alberts and Hayes' concept of "power to the edge," Marquet adopted the following principle: "Don't move information to authority, move authority to information."<sup>135</sup> He saw firsthand how the process-driven culture of the navy was highly inefficient and caused low morale. By divesting control of the ship down to his subordinates, Marquet was able to increase their level of engagement and sense of ownership. Doing so, however, he uncovered an important lesson: "As the level of control is divested, it becomes more and more important that the team be aligned with the goal of the organization."<sup>136</sup> If subordinates are given more control without understanding the broader vision, they are apt to make decisions that are inconsistent with the higher-level intent. The solution, as Marquet discovered, was open and frequent dialogue which enabled the whole crew to share a common understanding of the mission and make appropriately aligned decisions at all levels.

#### Lessons Learned

Within a relatively short period of time, the crew of the U.S.S. Santa Fe had undergone a transformation from a classic industrial-age amber organization to an information-age green organization. Stakeholder buy-in was at an all-time high, the entire crew was empowered to make decisions, and the culture was based on a shared sense of values. Not only did the culture

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<sup>135</sup> *Ibid.*, 49.

<sup>136</sup> *Ibid.*, 88.

change, their performance improved and earned the crew an award for “the greatest improvement in battle efficiency during the calendar year.”<sup>137</sup> By focusing on changing the right aspects of the culture at the appropriate time, the ship’s leadership transformed the working environment and quickly made the Santa Fe one of the best ships in the fleet.

One important aspect to consider about the success of Marquet’s change platform is the willingness of the group to undergo a change initiative. No one wants to be part of an under-performing group and the crew of the Santa Fe was no different. The only solution most of the crew saw was to leave and work somewhere else; in fact, out of a crew of 135 people, only three had requested re-enlistment prior to the transformation.<sup>138</sup> In many ways, the environment was ripe for change. It would have been a very different story had the same leader-follower model been yielding success. If people are comfortable and successful, the resistance to change is much higher. If they are uncomfortable and unsuccessful, a change agent stands a much better chance of achieving success. Marquet was able to take advantage of a unique opportunity to implement organizational change and set an example for others to follow.

### **Case Study #3 – “Group Punishment”**

#### Background

Studying the Canadian Armed Forces and the Royal Military College offers an opportunity to analyze Laloux’s theory of organizations. Within an amber organization, there are highly formed roles within a hierarchical pyramid in which command and control is exerted top-down.<sup>139</sup> The following case sheds light on the remarkable accuracy of Laloux’s research. In amber organizations, Laloux writes that, “a whole catalogue of rules is set up. Some among the staff are put in charge of ensuring compliance and handing out disciplinary measures and

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<sup>137</sup> *Ibid.*, 203.

<sup>138</sup> *Ibid.*, 203.

<sup>139</sup> Frederic Laloux, *Reinventing Organizations*..., 36.

punishments for those found wanting.”<sup>140</sup> This precisely describes the environment at RMC and the events that took place in the spring of 2018.

Historically, RMC has imposed a walk-out dress policy that establishes the authorized dress for cadets to wear off-campus after duty hours. Some time in the last few years the policy slackened and the Director of Cadets, a senior officer position equivalent to a unit Commanding Officer, sought to re-instill the policy. As quoted in the *Ottawa Citizen*, the Director of Cadets sent an email to the entire cadet wing and noted that “the leadership has been trying to deal with the issue of dress since September 2017 but with limited success.”<sup>141</sup> The issue came to a head when the Director of Cadets decided to impose a college-wide punishment to enforce adherence to the policy.

In response to the email in which the Director of Cadets issued a “confinement to barracks” order for the cadet wing, the cadets launched a major protest that included reaching out to national media to gain awareness of their concerns. The level of resistance among the cadet wing to the top-down direction was strong and persistent, but ultimately was not successful in relaxing the policy.

#### Organization and Change Theory Applied

This case provides ample opportunity to investigate change theory from a number of different angles. Arguably the most poignant aspects of the situation at RMC involve the lack of the leadership’s awareness of how to implement major cultural changes and deal with the inevitable rise of resistance. As Kotter writes,

Someone puts together a plan, hands it to people, and then tries to hold them accountable. Or someone makes a decision and demands that others accept it. The problem with this approach is that it is enormously difficult to enact

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<sup>140</sup> *Ibid.*, 21.

<sup>141</sup> David Pugliese, “Updated – Battle over jeans at the Royal Military College results in 1,000 cadets being punished,” *Ottawa Citizen*, 2 March 2018.

by sheer force the big changes often needed today to make organizations perform better. Transformation requires sacrifice, dedication, and creativity, none of which usually comes with coercion.<sup>142</sup>

From the resources available, it appears as though coercion was a key part of the chain of command's strategy in dealing with non-compliance. When the cadet wing continued to wear jeans after the policy was announced, the Director of Cadets sent an email to the cadet wing, quoted here from the Kingston Whig Standard, informing them that "Any violation of the aforementioned rules will result in additional days being added to the confinement to barracks for the entire wing." Further, he wrote that, "Some have worked hard to enforce the rules and change culture; I thank you for your efforts. Everyone else has either passively or actively supported the violation of this rule and, therefore, failed as a leader or a follower; you must do better and you will do better."<sup>143</sup> It seems clear that the senior leadership used this message to coerce the behaviour of the cadet wing into adherence to the college policy.

Because RMC has the characteristics of an amber organization, an industrial age change model may have been an effective tool for implementing change. Following Kotter's eight-stage transformation model may have effectively addressed some of the major concerns and dealt with them in a more supportive, non-confrontational way, starting with an accurate diagnosis of the problem. Bill Pasmore explains: "The purpose of diagnosis is to understand why there is a gap between what is and what we want. If our process of diagnosing is riddled with holes, the actions we take to close the gap will probably prove ineffective."<sup>144</sup> If the chain of command truly understood the intricacies of the problem and the culture it was dealing with, leaders would have had a much greater chance at success. However, unclear whether the resistance was caused by a

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<sup>142</sup> John Kotter, *Leading Change...*, 32.

<sup>143</sup> Steph Crosier, "Royal Military College Brass Rip Students Over Jeans," *Kingston Whig Standard*, 3 March 2018.

<sup>144</sup> Bill Pasmore, *Leading Continuous Change...*, 87.

generational clash, the Director of Cadets commented to a reporter: “I’m still trying to figure out if that is the case or not. But I’m not sure that even matters because we still need our officers to understand the importance of following orders.”<sup>145</sup> It seems as though the Director of Cadets was only mildly interested in getting to the root of the problem, relying instead on a forceful pursuit of his aim.

One of the most commonly cited justifications for the punishment is the importance of military officers following rules. Addressing the reason for the policy in an interview with the Kingston Whig Standard, the Director of Cadets confirmed: “The walk-out dress is important for RMC cadets because we want to teach new officers of the Canadian Armed Forces when it is appropriate to wear what.”<sup>146</sup> The logic of this argument is difficult to understand, given that the majority of Kingston’s population wears some form of denim when in public. One could argue that wearing denim in town during off-duty hours is entirely appropriate behaviour. Referring to Marshak’s six dimensions of change, the dimension of logic and reason is the only one typically addressed in public; five other equally potent dimensions lay beneath the surface. “Leaders ... may be blindsided if they focus primarily on reason-based approaches to change.”<sup>147</sup> Therefore, If the leadership was unable to present a logical explanation to the cadet wing while neglecting to address the other five hidden dimensions, it is understandable that the change was met with such strong resistance. The policy may still be in effect, but it is highly likely that resistance has increased.

### Lessons Learned

This case study is a classic example of failed change programs in the Canadian Armed Forces. A senior officer initiated a broad cultural change that affected over a thousand cadets

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<sup>145</sup> David Pugliese, “Updated – Battle over jeans at the Royal Military College...”

<sup>146</sup> Steph Crosier, “Royal Military College Brass”...

<sup>147</sup> Robert Marshak, *Covert Processes at Work...*, 17.



from a different generation and subsequently caused a degree of upheaval and resistance. When the leadership encountered the resistance, they increased the disciplinary measures to enforce compliance. One cadet, writing about the rules at the college, commented that, “The cadet wing only enforces them out of fear of being punished. This encourages the culture of minimal compliance, as soon as cadets know they are out of the eyes of the training wing they fall back to “Don’t get caught.””<sup>148</sup> In an effort to change behaviour, the RMC’s leadership created an environment of increased resentment and risked cementing the resistance to change.

Why did the cadets react with such strong resistance? Authors Garvin and Roberto offer a possible explanation: “When an organization has had a succession of leaders, resistance to change is even stronger. A legacy of disappointment and distrust creates an environment in which employees automatically condemn the next turnaround champion to failure, assuming that he or she is “just like all the others.””<sup>149</sup> It is likely that the cadet wing at RMC has dealt with similar attempts to change its culture and that the cadets have grown skeptical and weary of anyone who makes the effort.

As Kotter explains, “The combination of cultures that resist change and managers who have not been taught how to create change is lethal.”<sup>150</sup> The solution to similar problems lies not in increasing the level of punishment for non-compliance, but in a genuine pursuit of understanding of both the environment and of change theory, followed by the application of the most appropriate method. By seeking to fully understand the culture at RMC and conducting a full diagnosis of all the issues involved, the Director of Cadets may have been able to implement

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<sup>148</sup> Navarre Hebb, “The Way I See It,” *E-Veritas*, 8 April 2018.

<sup>149</sup> David Garvin and Michael Roberto, “Change Through Persuasion,” *On Change Management* (Boston: Harvard Business Review Press, 2011), 17.

<sup>150</sup> John Kotter, *Leading Change...*, 26.

lasting change with the full support of the cadet wing. With knowledge and understanding comes the ability to implement lasting change.

### **Conclusion**

With these case studies, the theory comes to life in very practical ways. One of the dominant themes that surfaces is that of diagnostics – specifically, the importance of seeking to fully understand the environment before attempting a major change initiative. This idea can be further paired down to the principle of seeking understanding. When leaders seek to understand the intricacies of the organizational culture and the forces acting for and against change, their efforts are more likely to succeed. Conversely, when a leader attempts change without understanding or knowledge of the process or the myriad factors involved, the change initiative is more likely to result in failure and increased resistance.

## CHAPTER 6 –RECOMMENDATIONS AND AREAS FOR FURTHER STUDY

### Impact Versus Intention

*Genius is the ability to put into effect what is in your mind. There's no other definition of it.*

– F. Scott Fitzgerald, *The Crack-Up*

Recommendation #1: Suggestions for improvements within the CAF must be accompanied by an implementation plan that is rooted in organizational change theory. The focus of leaders must be on achieving an *actual* impact on their organization, rather than their *intentions* of having an impact.

There are a number of great ideas for ways to improve work environments; however, without the ability to lead change, these initiatives will fail. Leading change is the key to unlocking the potential of turning ideas into reality and a mature understanding of organizational change becomes a force multiplier for any organization. As a change agent gains experience with the art, his or her effectiveness is likely to increase exponentially across all aspects of one's role as a leader.

Consider the amount of research and effort that is applied to the Directed Research Projects at the Canadian Forces College in Toronto. Every year, senior officers from across the country and around the world produce a large body of written work that is largely focused on improvements that *could* be made within their respective organizations. While the result is many valid proposals, the question becomes how the proposed changes are expected to be implemented. Are these same officers equipped with the knowledge to successfully lead the changes they propose? Are they empowered by the broader organization to put these change efforts into effect and make a real difference? It seems that many are more likely to be employed as middle management, working tirelessly to produce spreadsheets and collect information to

inform the decision cycles of higher levels in the chain of command? What would happen if intelligent, motivated leaders were given the tools required to initiate change at their level?

Despite the rigid hierarchical structure of the CAF, it is not unrealistic to envision middle managers being empowered. In fact, Marquet was not only able to implement drastic change at his level as the commander of a nuclear submarine, he was also able to create an environment in which every member of the ship's crew became empowered to lead change. The results were astounding and affected the entire fleet.

As Peter Fuda writes, "Leadership is about impact, not intention."<sup>151</sup> Despite what leaders want or hope to achieve in their organizations, history only acknowledges the results. Therefore, it stands to reason that if the military is serious about keeping abreast with a rapidly changing world, efforts need to be made to educate all ranks on the theory and practice of implementing organizational change. To achieve the greatest impact, leaders at all levels of the military need to be trained in how to effect change. However, leading researchers agree that exponential change will continue to be the norm and organizations must necessarily undertake constant transformation in order to remain relevant. As John Kotter urgently recommends, "the only rational solution is to learn more about what creates successful change and to pass that knowledge on to increasingly larger groups of people."<sup>152</sup>

### **How is "Leading Change" Taught?**

Recommendation #2: The CAF must educate its members on change theory at much earlier stages of their careers. By focusing the education at the senior levels, the military is perpetuating the top-down, centrally controlled mindset of the industrial age. A shift towards a more

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<sup>151</sup> Peter Fuda, "Change This Manifesto"...

<sup>152</sup> John Kotter, *Leading Change* (Boston: Harvard Business Review Press, 2012), 33.

decentralized, empowered organization needs to take place, which includes opening key areas of education to lower levels.

The CAF demonstrates many of the industrial age characteristics outlined in the work of Alberts and Hayes. Information and control are concentrated at the top of the hierarchy and only senior members of the organization are expected to fully understand change management. A good indicator of the organization's expectations is to look at where the education is delivered. The first time change management is formally taught in the CAF is on the Joint Command and Staff Program, a year-long graduate level program designed for senior officers. Even then, the current curriculum only devotes a half-day to the topic and focuses on industrial age change models like Kotter's eight stages of change management. A more fulsome review of the theory and management principles is conducted on the National Security Program, which is designed for senior officers preparing for generalship and admiralty, along with their civilian government counterparts. The CAF's education plan for change management is clearly concentrated at the top.

In *Conceptual Foundations*, the CAF outlines the concept of strategic leadership aimed at the senior officer level. The document includes a section on "Leading the Institution," an inherent aspect of which is leading organizational change. It holds that one of the four ways in which senior military members achieve organizational goals is by "adapting to the external environment through strategic forecasting, planning, and the initiation and implementation of strategic change."<sup>153</sup> This explanation mirrors the industrial age methods of implementing change efforts reviewed earlier: it suggests collecting information at the top, developing a deliberate plan, and imposing a change program. The problem with this model is addressed by Hamel's work, outlined in Chapter 2, in which he explains the three faulty assumptions of

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<sup>153</sup> Department of National Defence, *Conceptual Foundations* (Ottawa: DND Canada, 2005), 100.

industrial age change models. The first assumption is that change starts at the top; second, that change programs can be rolled out; and third, that change programs can actually be managed. In fact, the only two models presented in *Conceptual Foundations* are the Kotter and Lewin models, both of which are based on an industrial-age mentality of top-down change initiatives. Should the military not be equipping future leaders to lead culturally different followers through a rapidly changing environment?

Two patterns emerge when considering the current state of change management in the CAF: first, education of change management is concentrated at the senior levels, and second, industrial age change models are the only ones formally addressed in Canadian Forces doctrine. These two factors perpetuate the symptoms of Laloux's amber organizations, specifically those of top-down command and control and how "the future is a repetition of the past."<sup>154</sup> To break the mold and adopt a new culture of leading change at all levels, the solution lies in increasing the education and awareness at all levels. It is only by educating and empowering its members that an organization can fully leverage the transformational power of this knowledge.

### **How is "Leading Change" Assessed?**

Recommendation #3: The CAF must identify specific measures of performance and success for leading change. By tying the assessments to established theory and taking into consideration the amount of time required to successfully implement change, the process can become more effectively incentivized to ensure that change efforts are successful.

In the Canadian Forces Personnel Appraisal System (CFPAS) Personnel Evaluation Report (PER), military members are formally assessed on leadership. One distinct category within leadership is "Leading Change," described as: "being receptive to change, communicating change to subordinates, participating in the change process, and implementing change

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<sup>154</sup> Frederic Laloux, *Reinventing Organizations*, 36.

initiatives.”<sup>155</sup> The CFPAS word picture booklet offers examples of written statements that can be applied to a member’s annual performance review to reflect their skill and understanding of leading change. The closest word picture for Majors to describe the theories examined in this paper is: “Adroitly initiates and sustains change process.”<sup>156</sup> However, change management is not formally taught to anyone below the rank of Major. How, then, is “Leading Change” formally assessed? Against what standard is one’s success or failure at leading change measured? When world-leading experts are only able to achieve success 30% of the time, how is one expected to “master” the art of leading change? The answer appears to lie in the subjectivity of the assessor, who is likely not trained in the art of what they are assessing and only observes behaviour for a limited amount of time.

The limited amount of time captured by a PER reveals a second shortcoming of the assessment system: how can one’s ability to lead change be assessed when change efforts typically take years to implement? Marquet comments on a similar disconnect in the U.S. Navy: “We didn’t associate an officer’s leadership effectiveness with how well his unit performed after he left. All that mattered was performance in the moment.”<sup>157</sup> With officer postings typically lasting two to three years, and with minimal to no formal education on leading change, most of the officer corps is left to figure out this process on its own and assess others in doing the same. Burke writes that, “Perhaps leadership effectiveness should be measured in terms of what followers accomplish, and not so much in terms of what the leader does.”<sup>158</sup>

There is no single, simple solution to remedy these two disconnects. It is worth noting that the assessment of NCOs is focused on supporting change efforts and assisting in overcoming

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<sup>155</sup> Department of National Defence, *Canadian Forces Personnel Appraisal System Manual* (Ottawa: DND Canada), Section 5A01.

<sup>156</sup> Department of National Defence, *Canadian Forces Personnel Appraisal System Manual...*

<sup>157</sup> David Marquet, *Turn the Ship Around!...*, 14.

<sup>158</sup> W. Warner Burke, *Organization Change...*, 958.

resistance, whereas the senior officers are assessed on understanding change management and implementing change programs. By adopting a new perspective on how “leading change” is assessed throughout the CAF, it could be possible to infuse the organization with a new motivation to implement change at all levels.

## **Retention**

Recommendation #4: Leaders at all levels should strive to implement Sullivan’s six practices for improving retention.

Implementing change in a large organization like the military is a difficult undertaking with unforeseen effects on the workforce. Senior executives are often the ones directing which change initiatives to pursue, but because of their seniority and the potential for retirement prior to the completion of the change effort, most of the heavy lifting is done by middle management. This has the potential to become a retention issue: mid-level managers, faced with change initiatives that they may not agree with, may decide to invest their time and energy elsewhere. With an increasing amount of opportunities to pursue personal goals and contribute to society in unique ways, talented young workers are difficult to keep. A significant amount of research has been done to investigate this growing problem. John Sullivan, a professor at San Francisco State University and acclaimed “HR guru” studied the main causes of turnover and developed a list of recommendations for employers to attract and retain their people. The table below is included as a recommendation for leaders seeking to change their organizational practices to increase retention rates.

**Table 6.1 – Six Practices to Retain Talent**

1. Honest, frequent, two-way communication, including rapid, constructive confrontation on issues.	Minimum standards - monthly "how am I doing?" meetings with every employee, rapid, proactive confrontation and resolution of issues, open-book access to relevant information.
2. Challenging and exciting work	Minimum standards - every employee has a challenge plan and is periodically asked to rate their degree of job excitement.



3. Continual opportunities to grow and learn.	Minimum standards - every employee has a customized learning plan and the resources to carry it out.
4. Recognition and rewards for their performance	Minimum standards - every employee has at least 10% of their pay tied to output; forced ranking of all employees is done quarterly so all know where they stand and there are ample opportunities to ask managers how to improve their rankings; an escalation option for those who feel they are unfairly treated.
5. Some degree of control over their job and life	Minimum standards - 8 hours a month of flexible time and one day a week "job rotation" possibilities, opportunity for dropping undesirable duties and a dream job list jointly developed with their manager; monthly "more of/less of" meetings with the manager.
6. Knowing their work makes a difference	Minimum standards - cross-functional opportunities to meet with the "up and downstream" coworkers/customers; periodic reports on the impact of their work, as well as their team's work.

Source: *Best Practices in Organization Development and Change*, 302.

These six practices are not unique to one specific type of organization and can be implemented by leaders at any level. Most of the practices may seem obvious, but the fact that they need to be pointed out by a researcher suggests that they are not implemented as often as one might think. As knowledge workers grow in intellect and independence, the ability of large organizations to maintain their talented employees will likely become more challenging. It is important to consider how change initiatives – or lack thereof – affect employee satisfaction; in order to retain the most talented individuals, a more meaningful, fully-informed method of implementing change initiatives should be considered.

## The Perils of Changing Organization Structure

Recommendation #5: Conduct a proper diagnosis of issue and focus efforts in the appropriate areas prior to restructuring.

*We trained hard, but it seemed that every time we were beginning to form up into teams, we would be reorganized. I was to learn later in life that we tend to meet any new situation by reorganizing; and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralization.*

– Gaius Petronius Arbiter, *unknown*

There is an ever-present temptation to resort to organizational restructuring when change is needed. However, changing the structure rarely addresses the core issues that need to be resolved. It is perhaps the most tangible, visible change one can make, but the effectiveness is questionable. As Burke writes, “We have not found the ideal organizational design and structure. Perhaps such does not exist... Many managers seem to believe that if you change the structure, the organization as a consequence will be changed. We know better.”<sup>159</sup> The caution, therefore, is to avoid jumping to conclusions about what needs to change. If a change agent conducts a deliberate diagnosis of the internal and external environment and has a strong understanding of organizational dynamics, the common error of changing the structure without due consideration for the other factors involved is likely to be avoided.

### Areas for Future Study

As the need to adapt to a constantly changing environment increases, organizations looking to hire new employees need to ensure they select workers, and especially leaders, who can deal with constant change. One area for future study that is beyond the scope of this paper is to study the correlation between an individual’s resilience, or ability to cope and adapt to change, and the effect this has on an organization. Is it necessary for leaders of change to be resilient

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<sup>159</sup> W. Warner Burker, *Organization Change...*, 957.

people? Or is it more important that the change targets are resilient? How does resilience at the individual level translate into resilience at the organizational level?

Another possible area of study is the science of neurology and the effect of the human brain on organizational change processes. In his book entitled, “The Brain That Changes Itself,” Dr. Norman Doidge discusses the commonly held concept of “localizationism,” which holds that “the brain is like a complex machine, made up of parts, each of which performs a specific mental function and exists in a genetically predetermined or hardwired *location* – hence the name.”<sup>160</sup> In the book, he methodically dismantles this concept and argues for the concept of “neuroplasticity,” which explains how the brain is constantly changing and adapting to new inputs. These two descriptions of how the brain functions are remarkably similar to the ideas of industrial age and information age organizations. If the science of neurology is leading to new understandings of how the human brain functions, lessons here may prove valuable to the field of organizational development.

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<sup>160</sup> Norman Doidge, *The Brain That Changes Itself* (London: Penguin, 2007), 12.

## CHAPTER 7 - CONCLUSION

The topic of leading organizational change could consume endless volumes of research and case studies. The topic, like the world around us, is highly complex and is constantly evolving and changing. The research included in this paper is by no means exhaustive; rather, it is an overview of the key principles and themes that surface from the literature.

The industrial age model dominated the 20<sup>th</sup> century and was based on the belief that a specific environment could be fully understood and managed. Components of the organization were honed to provide a specific function and overall control and responsibility was held at the top. This model began to show its vulnerabilities when faced with change, and a new, information-age concept was born. The information age model is more adaptive, decentralized, and disposed to constant change. An exploration of these two models reveals that as we move further into the 21<sup>st</sup> century, organizations that hold onto industrial age models are not likely to sustain the pace of change and will either collapse or be rendered irrelevant. The organizations that are able to adapt and effectively deal with constant change will survive, and those that come closest to mastery are likely to emerge as dominant.

Modern change theory has adapted in parallel with organizational models. Industrial age models reflected in the work of Lewin and Kotter address a top-down, centralized approach to change programs, whereas the information age theories of Hamel and Pasmore suggest a decentralized approach to implementing constant change at all levels of an organization. Two key aspects that determine the success or failure of change initiatives are leadership and resistance. Eight aspects of leadership found throughout the literature are highlighted and include self-awareness, clarity of vision, ambition, knowledge, humility, inspirational motivation, tolerance for ambiguity, and perseverance. Likewise, not to be overlooked is emotional

intelligence and its critical role in leading change. Regarding resistance, not all sources can be addressed directly: there are hidden dimensions of resistance that lay beneath the surface of what is typically addressed during change efforts. However, Marshak provides recommendations for how to deal with this highly complex and often misunderstood aspect of organizational change.

One question remains: what the consequences will be if these theories and lessons are not fully understood and implemented? This question is of particular importance to the CAF.

Uniquely, the CAF does not face the same financial challenges that private businesses face and does not risk bankruptcy. It is generally accepted that the Canadian government will continue to fund the military to perform its function of defending the nation, no matter how much the organization struggles to do so. The risk of not adapting to the changing environment is not the disintegration of the organization, the risk is becoming irrelevant. Becoming irrelevant as an organization will inevitably lead to the inability of the CAF to defend the nation's values, a risk that has enormous implications.

In order to stay relevant and keep pace with the rapidly changing security environment, the CAF must become expert in dealing with change. It must free itself from the rigid models of the industrial age and pursue the breakthroughs necessary to bring the organization into the information age. The research of the leading experts cited in this paper should be distributed as widely as possible throughout the CAF through lectures, required readings, and workshops to educate all members of the organization on the principles of leading organizational change. More importantly, the CAF needs to decentralize control and empower everyone to lead change at his or her own level. By doing so, the CAF will be transformed into the organization needed to defend the nation well into the 21<sup>st</sup> century.

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