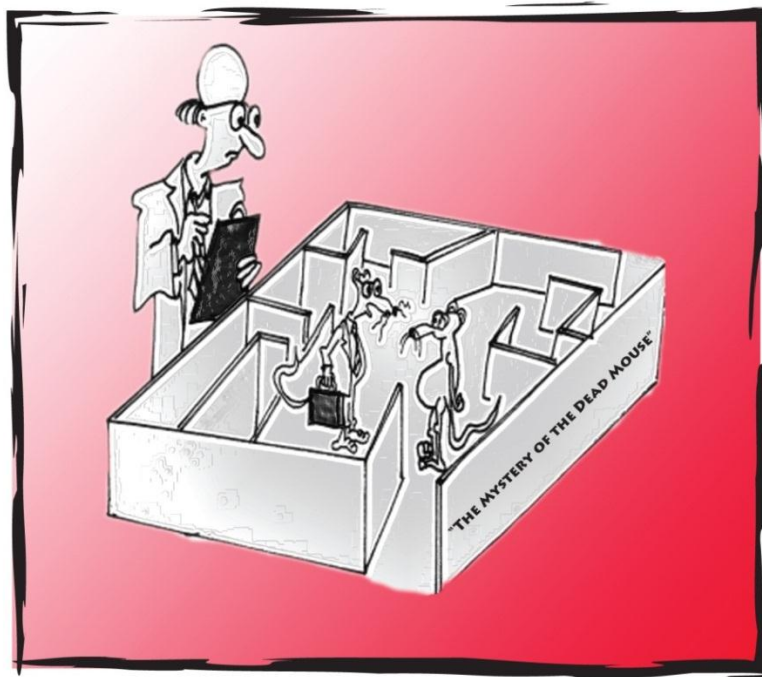


# Resistance to Change and Emotional Intelligence –

## “The Mystery of the Dead Mouse”

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## **1. Executive summary**

There is a great deal of literature studying the fields of change management, reorganizing and restructuring unsuccessful organizations. Most of the studies explore the right methodologies, the curtail phases and steps needed to conduct a successful turnaround of a nonperforming organization. Some studies also address the resistance to the change and analyze the reasons behind this.

This study looks deeper beneath the surface, investigating and analyzing individuals and groups using psychodynamics techniques. Seeing how groups react to change, and exploring the dynamics between the groups and the leader behind the change process and the target groups.

This study uses real case studies from similar organizations that have experienced the same process of organizational change. At first glance, the background for the two cases might seem very similar: similar industry, similar size, similar regions, similar management, and similar parent company. Although the same approach and similar methodologies were used in both cases, the outcome and the implications turn out to be completely different. Analyzing the two cases and returning to the people and circumstances behind the cases reveal findings that were not taken into consideration while conducting the process.

From the narrative of the study, it is clear that leaders must be aware of their internal human factors, their personality, the nuances of their own internal thinking process, behavior and way of engaging and influencing others whilst conducting a change process. Even the most talented and experienced executive will fail unless he is very aware of his personality structure and how he approaches a process that involves complex group dynamics.

## **2. Keywords**

Organizational change, change agent, resistance to change, change management, emotional intelligence, organizational receptiveness, organizational capacity for change, leadership blind spots, labeling, empathizing, empathic listening

## **3. Introduction**

During my professional career as a leading manager for several large organizations, I have faced some challenging assignments. Some of these have involved managing significant corporate changes and turning around large companies.

Based on my own practical experience and approach, I have developed my own model for leading corporate change. I used the same principles observed in most of the academic studies and restructuring literature (see for example Kotter & Schlesinger, 2008; Kotter, 1995).

In principle, my model incorporated the following steps for transforming a nonperforming organization:

Figure 1: My practical corporate transformation model



The model I developed proved to be successful in some cases and I was very confident about its structure, logic and efficiency. Later on in my career, I was very surprised to face situations in which the same model did not totally work as I expected. One particular situation when a change plan was unsuccessful made me rethink and evaluate my approach.

In my study I would like to review my own experience, using case studies where a similar change plan and change strategy were chosen in different companies. Since the outcome was entirely different, I will focus on possible variances that were not fully taken into consideration or not implemented in the same way as a possible explanation for the different outcomes.

Looking back at the background of the different companies, the consequences of the cases, interviewing the key people involved in the process, investigating various human factors from the clinical paradigm, looking at key individual behavioral elements, understanding better group dynamics, following the study of resistance to change, emotional intelligence and the idea of self and organizational receptiveness.

Analyzing the two cases and returning to the people and circumstances behind the cases reveal findings that were not taken into consideration whilst conducting the 'technical change methodology' I had developed and assumed to be very efficient and successful.

What makes the two cases special is the fact that they have many similarities relating to background:

- Same management team in both cases
- Same business sector and similar activities
- Same geographical region
- Similar business size
- Similar customers
- Similar competitors
- Belonging to the same parent company
- Relatively at the same period of time
- Similar legal structure
- Both unionized

The consequences and outcome of the case were unclear and somewhat difficult to explain for me, giving me many long and sleepless nights. I found it mysterious, a kind of “**the mystery of the dead mouse**”. How can I explain an experiment starting with two identical subjects? We give them two identical vaccinations (same change plane). During the experiment, one mouse is cured (the company that recovered and was turned around) while the other died (company that we ultimately had to close). There is no logical explanation for the different results. At the start, we assume that we are using the same conditions, the same subject and the same vaccination in both cases. When we look at the small details, however, we find many differences in our experiment that were not fully taken into consideration:

- Were the subjects truly identical?
- Was the environment identical?
- Did we really conduct the same experiment?
- Is there another way to explain the results?
- Did we use the same vaccination?

During the study, I realized that some of the above variables were different in the cases (experiments) and that I myself was the only constant factor in both cases.

During my executive Masters studies in INSEAD following an intensive leadership development program, I was able to find the time and had the opportunity for some self-reflection. I could gather some honest and constructive feedback about my personality and behavior from a group of trusted peers. I was able to take the distance and perspective needed to evaluate my approach to organizational change. I could examine and look deeper beneath the surface to examine



additional ideas, alternatives and techniques. During the study, I looked deep into myself, into the specifics of my behavioral and human intelligence aspects. What was different in my behavior in both cases? Could I identify nuances in my personality that was used differently in the two cases? Was I emotionally intelligent as well as intelligently emotional (Herkenhoff, 2004) and to what extent and how during the two cases?

- Did I behave the same way?
- Did I lead the same way?
- Did I spend the same amount of time studying the situation?
- Did I use the same energy and have the same openness?
- Was I patient to the same extent?
- Was I wondering and adjusting during the process or was I working in a more technical way?
- Did I communicate in the same way during the process?
- Did I give the same feedback?
- Did I use the same approach and methodology in my approach to the group?

I want to use the two cases for my 'experiment'. The two organizations are the two 'mice' and the 'vaccination' is my change model program. I would like to examine the environment of the two 'mice'. I want to study the 'experiment' similarities before and while the 'experiment' was taking place. I would like to examine whether what I initially assumed to be identical is in fact different when studied more closely. It is clear that there are too many environmental and circumstantial differences regarding the background of the two organizations and the two situations. This could explain why a good approach to structural change cannot succeed unless we combine the process with our emotional intelligence to examine, evaluate and adjust as we

navigate through the change process. For the study, I used various clinical psychological analysis tools to analyze the situation and better understand the human behavioral elements essential for driving a successful change program.

I am aware that there are both advantages and disadvantages in using the analogy of an ‘experiment’ with mice. From a theoretical point of view, it is intriguing and captures my imagination and there are some similarities in the analogy. However, there are some important dis-analogies and dissimilarities that we need to identify and ensure that we are fully aware of various critical similarities. It must be clear to the readers of this study that I was not conducting an ‘experiment’; this study was conducted within the discipline of behavioral studies and it is not natural science in any way (complex social science, yes, but obviously very different from natural science). The two cases - as well as my relationship to them - may be very different in important ways. Although I am using the analogy to explain the concerns and the mysterious way in which I study the two cases, we need to note that there are some important dis-analogies. I will discuss these during my study as ‘limitations’ for this approach. At the end of the thesis, I will discuss these issues further, as well as other limitations that I have identified.

My study will clearly show that leaders must be aware of their internal human factors and nuances in their own internal thinking process, personality, behavior and way of engaging and influencing others whilst conducting a change process. Even the most talented and experienced executive will fail unless he is very aware of his personality structure and how he approaches a process that requires complex group dynamics.

#### **4. Research question aim and objectives**

During this document, I would like to go deeper into the environmental differences between the case studies. I want to better understand the conflicting results in the two cases and investigate possible hypothetical reasons. I would like to focus on additional factors that were not fully taken into consideration in the two cases. My hypothesis would be that certain human psychological and behavioral elements and variables were not fully considered or only partly taken into consideration. As a result, there was not enough adjustment to the proposed change model and insufficient adaptation to the two different situations. I would like to focus on the resistance factors for both the target group and the change team and the leader whilst conducting a change plan.

In my research, I want to review further details and revisit and examine the differences in these similar cases. Based on the clinical psychoanalytical approach, I wish to propose more ideas to better understand and examine the human factors and behavioral elements. This could explain the resistance to change among individuals and groups and how we should adjust our approach as leaders. I would like to explore the emotional intelligence and intelligently emotional approaches for a successful leader. I would like to show how the last two can very much affect the organizational receptiveness of the leader and the leader receptiveness of the organization. My objective is to propose key factors to be considered as an additional tool for managers leading change to follow and identify when we conduct and execute change programs.

My hypothesis is that only certain human psychological and behavioral elements are usually only partially considered or taken into account. Consequently, there is not enough adjustment to the

proposed change models and insufficient adjustment to the different situations as a change process progresses in a target organization.

I would like to focus on the resistance factors for the target group, the change team and the leader whilst conducting a change plan for an organization.

I will propose factors and areas of concern to be considered whilst implementing change program. The key factors to consider focus more on the human behavioral discipline and emotional intelligence. We will focus on how leaders should anticipate based on constant reflection aimed at better understanding themselves and using themselves as reflection tools to better evaluate, anticipate, adjust and empathize with their target change group.

The proposed key factors to be considered as an additional tool for managers leading change to follow and identify when conducting and executing change programs could significantly help leaders and management teams to navigate during the long change process and increase the chance of success.

## 5. Literature review

Studies have shown that approximately 70 percent of planned organizational change initiatives fail. One of the primary causes of these failures is the lack of reliable and valid diagnostic instruments to assess organization capacity for change, to decide which change strategy to adopt and have the right tools to evaluate, adopt and adjust the process as we navigate through the organizational change process (Pelletiere, 2006).

At the start of my study, I got more than 1000 items in response to a subject search for ‘organizational change’ in scholarly literature using the online INSEAD source and others. I then limited my search to literature published in the last 20 years. Based on organizational change, I got several hundreds. Searching the combination of ‘organizational change’ and ‘resistance to change’ and/or ‘emotional intelligence’ generated about 50 academic articles. Most focused specifically on the implementation of change planes, the phases in the change and the resistance to change and the reasons for that. I also found many articles discussing why many change efforts in organizations are not successful.

I also browsed the INSEAD library for books on the subject of change management and resistance to change. I found several books, but only two of them were relevant to this study:

1. *Managing Change to Reduce Resistance* (2005): This book was published by Harvard Business School and is a compilation of about 20 different articles that all study change efforts and residence to change.
2. *Managing change* 2<sup>nd</sup> Edition (1993): This book is a compilation of about 20 articles on change and related difficulties and resistance. Some of these were good basis from which to embark on the study:

- Beer, Eisenstat and Spector study the different steps and phases for a successful change program. They analyze and try to explain and predict how to deal with resistance and the specific implications in each step.
- Pugh produces six rules for successfully managing change. Most of the roles repeat the same steps that I found in other research and studies too. The uniqueness of Pugh is the role of “be prepared to change yourself as the leader of change”. In most studies, this step for change was not one of the basic building blocks for the model.
- Nadler provides a very detailed and abstract way describing and analyzing the different change models and the problems and difficulties they could generate. He also gives advice on how to deal with resistance to change.

The following groups of studies were all used for the detailed research and as a source of tools and approaches to better understand why so many change processes fail. Most examine the human behavioral factors behind change theories and strategies. I used them both to understand the different change methodologies, steps, how to choose the right strategy, how to define the speed of implementation, looking at the target groups in the organization and their resistance to the change:

- Kotter and Schlesinger (2008) help calm the chaos by identifying four basic reasons why people resist change and offer various methods for overcoming resistance. Managers, they say, should recognize the most common reasons for resistance: a desire not to lose something of value, a misunderstanding of the change and its complications, a belief that the change does not make sense for the organization and low tolerance for change in

general. Once they have diagnosed which form of resistance they are facing, managers can choose from an array of techniques for overcoming it: education and communication, participation and involvement, facilitation and support, negotiation and agreement, manipulation and co-optation, and both explicit and implicit coercion. According to the authors, successful organizational change efforts are characterized by the skillful application of a number of these approaches, with sensitivity to their strengths and limitations and a realistic appraisal of the situation at hand.

- Kotter (1995) has watched more than 100 companies trying to make themselves better competitors by implementing a change process. In almost every case, the goal has been the same: to cope with a new, more challenging market by changing how business is conducted. Only some of those efforts have been very successful. Many have been utter failures. Most fall somewhere in between, with a distinct tilt toward the lower end of the scale. The main lesson is that change involves numerous phases that, together, usually take a long time. Skipping steps only creates an illusion of speed and never produces a satisfying result. A second lesson is that critical mistakes in any of the phases can have a devastating impact, slowing momentum and negating previous gains. Kotter's lessons are instructive, for even the most capable managers often make at least one big error.
- Kotter (1996): People who have been through difficult, painful and not very successful change efforts often end up drawing both pessimistic and angry conclusions. After watching dozens of efforts to enhance organizational performance via restructuring, reengineering, quality programs, mergers and acquisitions, cultural renewal, downsizing and strategic redirection, Kotter draws a different conclusion. Available evidence shows that most public and private organizations can be significantly improved, at an acceptable

cost, but that we often make terrible mistakes when we try to improve them because the track record for most employees has simply not prepared us for transformation.

The author developed The Eight-Stage Process of Creating Major Change which became a kind of bible for change management programs:

1. Establishing a Sense of Urgency: examining the market and competitive realities  
Identifying and discussing crises, potential crises, or major opportunities
2. Creating the Guiding Coalition: putting together a group with enough power to lead the change. Getting the group to work together like a team
3. Developing a Vision and Strategy: creating a vision to help direct the change effort.  
Developing strategies for achieving that vision
4. Communicating the Change Vision: using every vehicle possible to constantly communicate the new vision and strategies. Having the guiding coalition role model the behavior expected of employees
5. Empowering Broad-Based Action: getting rid of obstacles. Changing systems or structures that undermine the change vision. Encouraging risk-taking and nontraditional ideas, activities and actions.
6. Generating Short-Term Wins: planning for visible improvements in performance or "wins". Creating those wins. Visibly recognizing and rewarding people who made the wins possible
7. Consolidating Gains and Producing More Change: using increased credibility to change all systems, structures and policies that do not fit together and do not fit the transformation vision. Hiring, promoting and developing people who can implement



the change vision. Reinvigorating the process with new projects, themes and change agents.

8. Institutionalizing New Approaches in the Culture: creating better performance through customer and productivity-oriented behavior, more and better leadership and more effective management. Articulating the connections between new behavior and organizational success. Developing means to ensure leadership development and succession.
- Most organizational change initiatives fail spectacularly (at worst) or deliver lukewarm results (at best). In "A Sense of Urgency" Kotter (2008) shines the spotlight on the crucial first step in his framework: creating a sense of urgency by getting people to actually see and feel the need for change. Kotter explains: How to go beyond "the business case" for change to overcome the fear and anger that can suppress urgency. He proposes ways to ensure that your actions and behavior - not just your words - communicate the need for change. He discusses how to keep fanning the flames of urgency even after your transformation effort has scored some early successes.
  - Murray and Richardson (2003) developed a theory that successful organization change needs to happen fast. They are the co-authors of the book *Fast Forward: Organizational Change in 100 Days*. Organizations do not necessarily need five or ten years to change according to their theory. In fact, as they discovered, speed, focus and unstoppable momentum can make organizational change succeed. They also discovered, and discuss below, that there are ten winning conditions that must be in place to make organizational change work.

Most studies and books that I identified in the literature and have so far summarized focus on the organizational aspects and organizational behavioral studies as a discipline to try and understand how organizations genes are built and how we should therefore approach them when we want to change them. They all follow the different phases and steps in the change process and look at the process, trying to understand why most change process are not successful.

The following list of articles looks more at the emotional intelligence factors as a critical driver and one of the key success factors behind a successful organization change process. All the articles in the following list study the resistance to change in the organization. They try to analyze, explain and draw conclusions using the soft human factors of the individuals and group behind the change:

- The study of Herkenhoff (2004) addresses the potential influence of culture in managing emotions both in others and ourselves within a change management framework. It is proposed that reframing emotional intelligence in terms of culture may support leaders when effecting change within their organizations. For well over a decade, anthropologists have suggested that cultures have conventions and norms that influence the management of emotions. Cultural values create a commonality among members in how they interpret and subsequently respond to emotional issues. A tripartite definition of cultural values, based on national, organizational and professional cultures, provides a framework for exploring several emotional intelligence case study examples. These practical examples demonstrate how organizations have effected change by stepping outside of their immediate and obvious framework to examine the issues in a 'culturally tuned' manner.

- Fox & Amichai (2001). In organizational change strategy, managers usually place the primary emphasis on the cognitive elements of persuasion, using mainly rational arguments. The central message of this article is that, in any change implementation program, the emotional elements of persuasion must be taken into consideration. The importance of emotions in organizations is discussed and practical methods on how to use emotions in the change process are offered. These methods are organized around five domains: the core messages, how the messages are packaged, the characteristics of the change leaders, the interaction of change leaders with their audience, and the setting in which interactions with employees take place.
- Beer, Eisenstat & Spector, (1990). Faced with changing markets and tougher competition, more and more companies realize that to compete effectively, they must transform how they function and change. But while senior managers understand the necessity of change, they often misunderstand what it takes to bring it about. They assume that corporate renewal is the product of companywide change programs and that, in order to transform employee behavior, they must alter a company's formal structure and systems. Both these assumptions are wrong, say these authors. Using examples drawn from their four-year study of organizational change at six large corporations, they argue that change programs are in fact the greatest obstacle to successful revitalization and that formal structures and systems are the last thing a company should change, not the first. The most successful change efforts begin at the periphery of a corporation, in a single plant or division. Such efforts are led by general managers, not the CEO or corporate staff. And these general managers do not concentrate on changing formal structures and systems but on creating ad hoc organizational arrangements to solve concrete business problems. This focuses energy for change on the work itself, not on abstractions such as "participation" or

"culture." Once general managers understand the importance of this grassroots approach to change, they do not have to wait for senior management to start a process of corporate renewal. The authors describe a six-step change process they call the "critical path".

- Judge and Douglas (2009). Their focus in the study is on organizational capacity for change (OCC), which is defined as a combination of managerial and organizational capabilities that allow an enterprise to adapt more quickly and effectively than its competitors to change. According to this study, strategic leaders must frequently contend with the complexity and uncertainty of organizational change (Lawler & Worley, 2006). One of the most difficult aspects of leading organizational change initiatives is the leader's ability to diagnose and develop the organization's capacity for change (Bossidy & Charan, 2002). While there are helpful theoretical arguments that address various aspects of an organization's capacity for change (Buono & Kerber, 2008; Meyer & Stensaker, 2006), we are not aware of any study that offers a comprehensive view of this construct, nor are there any reliable and valid ways to empirically explore it. Reviewing the change literature and generating a parsimonious but comprehensive set of organizational change dimensions and items. Surveying 3,725 employees within 161 organizational units in a wide variety of industries during the period of 1999-2005 to refine the organizational change dimensions and items.
- Traditional corporate change strategy research tends to focus on the extent to which change initiatives succeed in transforming organizations by putting a new strategy in place. Gaps between strategic intentions and outcomes are presented as problems of control, commitment or loyalty that need to be eliminated, or at least minimized. Another stream of implementation research takes a different perspective. Instead of viewing gaps between intentions and outcomes as problematic, this literature is concerned with

understanding and explaining the reciprocal relationship between a change initiative and the organizational context. Research within this perspective suggests that managers within organizations may respond in ways which not only alter the organizational practices but also alter the change initiative, for example through the corruption of managerial techniques. These studies have contributed to developing the research agenda from a unidirectional focus on the effect of change initiatives on organizations to recognition of the reciprocal relationship between organizations and change initiatives. We know little about how different organizational level responses come about, or what individual responses lay beneath the aggregate responses (Stensaker & Falkenberg, 2007).

This context of the last few studies suggests that responses to corporate change initiatives may be more complex and comprehensive than they appear at an aggregate organizational level. Different elements within a corporate change initiative may induce different responses. Understanding change outcome therefore requires separate attention to different elements within a change initiative.

So far I have not been able to identify enough focus in the leader of the change himself and how his specific personality and self-knowledge could make a significant difference. I did not find enough studies specifically addressing how you can use yourself as a tool for a successful change program and/or process.

## **6. Research plan and methodology**

### **6.1 The first phase**

First approach to the study was to look at the case study research as an academic tool. I wanted to make sure that I understood from the literature the limitations and the proposed ways to use this tool when building theories. The first question I checked was how to approach a study which is significantly influenced by case studies. It seems that it is completely legitimate to build theories from case studies (Elsenhardt, 1989). The case study approach focuses on understanding the dynamics present within a single or multiple situations. There seems to be clear legitimacy in academic literature about using case studies to provide descriptions (Kidder, 1982) to test theory (Gersick, 1988; Harris & Sutton, 1986). I was very pleased to find confirmation in the Warwick study (Pettigrew, 1988) which used one case as a clearly successful case versus another non-successful one for their study. This sampling plan was used and designed to build theories of success and failure. It is also very important to note the limitations of the case study approach by constantly asking questions such as: “what I am learning from the comparison?” and “how does this case differ from the last?” (For example Burgelman, 1983). The key to a successful study is good cross-case comparison.

The methodology I am using in my work is to select several categories or dimensions in each case and then look within each individual or group for similarities coupled with intergroup differences. The second methodology is using the cases and listing the similarities and differences between the two cases.

The methodology of using seemingly similar cases applying different research lenses, tools and techniques is used in many studies as a logical tool using a series of similar cases as a series of

experiments with each case used to confirm or disconfirm the different hypotheses we are checking in the study (Yin, 1984).

Cases that disconfirm the relationship like those used for my study can provide an opportunity to refine and extend a theory. The data behind the cases will provide a good understanding of the dynamics underlying the relationship between the different individuals, groups and groups to individuals.

Yin's last book (2009) clearly referred to the method of using what he calls Two "Two-Case" Case studies. Chaskin (2001) also used two case studies to illustrate nuances in strategies. Elmore, Abelman and Fuhrman (1997) chose two case studies to illustrate contrasting strategies for design and implementing educational accountability.

## **6.2 The second phase**

I went back to key people from all levels involved in the two cases. I specifically chose people who were familiar with both cases who could help understand or produce additional hypotheses about why there was a much more positive outcome in one case than in the other. Building the database helped me understand the differences and gaps between the two cases. It helped me in a way use the second case as an argument for the first case.

The data I collected in the interviews helped me to fill the gaps and understand some of the blind spots I could not see for myself. It also helped me to test some hypotheses in the initial findings and ideas during the study.

Comparing the two cases and seeking the similarities and dissimilarities together with the data gathered in the interviews helped me understand and respond better to some obvious shortcomings or criticism I could not spot myself.

In order to further enrich my database, I also used the e-mails, plans, meeting minutes, presentations, announcements, monthly reports, union meetings notes, calendars.

I then looked back at the sequence of events and followed what happened in the two events in more detail. A period of reflection then helped me to better evaluate and understand the gaps between the two cases.

### **6.3 The Third phase**

Participant Observation - I obviously have a special angle, being involved in both cases and in a reflective way perhaps being the only constant factor in the two similar yet different cases. As Yin (2009) discusses in his book, participant observation provides some unusual opportunities for collecting case study data but it also involves some concerns. The major advantage is the ability to gain access to the two cases in question and the very detailed events, groups and plans that would otherwise be inaccessible to a study. In many of my findings, there could be no sufficient evidence other than my own observations. Another distinctive point is the ability in both cases to perceive reality from the viewpoint of someone inside the case studies rather than external to them.

The major disadvantage I had to take into consideration was the potential bias relating to the two cases (Becker, 1958). I was not an objective observer in the two cases as I had clearly had a role and clear objectives in both cases.



In his study, Yin (2009) discusses a case study combining personal experience with extensive field research and study. In a way, this applies to the methodology I used in my work.

In any case, as discussed in most studies, it could be very beneficial and supportive to combine multiple sources of evidence to support the study hypothesis and the conclusions of the research.

#### **6.4 Gap analysis**

I will list and analyze some key factors that were neglected in the second case and will look and investigate these factors in more depth. I will use the data I have collected and the available literature and studies addressing the relative topics I am investigating. This part forms the heart of the study.

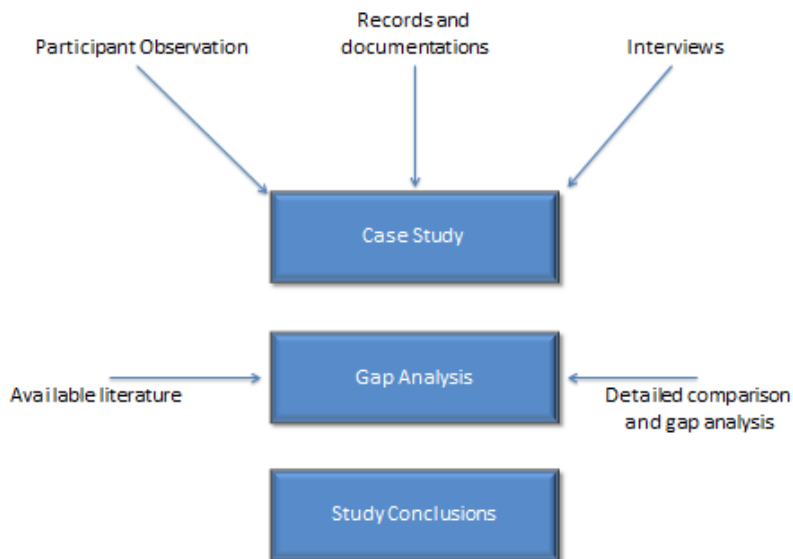
For the sake of simplifying the discussion, I would like to divide my observations and the gap analysis results into three main groups:

- ✓ External difference between the two cases
- ✓ The internal dynamics
- ✓ The leader

## 6.5 Conclusion and key factors

I propose a list of factors and areas of concern to be considered whilst implementing change programs in complex organizations. The key factors to consider should be more focused on the human behavioral discipline and emotional intelligence. It focuses on how leaders should anticipate and empathize with their target change group based on better understanding of themselves, while using reflective space and psychoanalytical tools. The ultimate goal is to better anticipate the reaction of the target group, and suggest behavioral and supportive adjustments which could help leaders adjust the change plan. Atonal factors one should take into consideration to minimize resistance to change as we progress in the change process.

Figure 2: research plan and methodology model



## **7. Research context and case studies**

### **7.1. The context**

During my professional career, I have faced some challenging assignments as a leader in several large organizations. Some of these have involved managing corporate change and turning around companies. Based on my own practical experience, I have developed my 'own model' for leading a corporate change. This model proved to be successful in some cases, giving me confidence in its structure, logic and efficiency. Later in my career, I was surprised to face situations where the same model did not fully work as I expected. One situation where a change plan failed made me rethink and evaluate my approach.

In this study, I re-examine two case studies that have many similarities, including matching circumstances and the involvement of similar key players. During recent studies in INSEAD, I realized that I had a great opportunity to use these two cases for a relative 'experiment' as a 'human behavioral laboratory' for the change management process and the driving forces beneath the surface, focusing on the dynamics between the different groups and studying the leader and his own personality and dynamics with the organization and the different groups. Also looking at the psychodynamic approach to the process, the individuals involved and the dynamics between the groups.

The cases provide a unique opportunity because the leader in both is also the observer of the cases and the person conducting the study. The level of detail and amount of data available for this study was therefore special as it would not be possible to go into such detail in other circumstances.

There are obviously limitations and disadvantages here, as the leader who is also the author cannot be completely objective. We must address these aspects carefully during the study following the discussion about this topic in the methodology chapter. We need to make sure that we are aware of the limitations and note them during the study.

During the study, I checked and examined a lot of data. I asked myself old as well as many new questions in a 'reflective mode'. I had to rethink and revisit the cases and dive much deeper beneath the surface. I wanted to better understand how the specific personality and behavioral dynamics of the leader could significantly influence the change process and make it a success or failure.

As additional sources of data, I looked back at the e-mails before, during and after the cases. I looked at the plans presented to my bosses and at meeting notes following discussions we had during the process. For some issues, lots of presentations were also available as many steps and sub plans were made before and during the change process. I also looked at the calendars to analyze the different meetings that had taken place to see whether there was a certain pattern.

Routine monthly reports were available. In both cases, the company had to submit monthly reports to the parent company. Also at local level in each case, those directly reporting to the CEO had to submit monthly reports. Those routine reports created a continuous flow of data available to map the entire process. For both organizations, there was also a strategy and budget process each year. In the strategy process, the management normally considers the future of the company and the general direction and actions to be taken in the coming 3 to 5 years. During the budget process, each year the management proposes and discusses the detailed plan for the

coming year and the relative expected outcome for the planned actions. These plans were revisited and provided an additional dimension.

On top of the available data, I also conducted interviews mainly with people who had been involved in both cases. I talked to professionals from many levels; several employees had also served in both teams. There were many managers who had been involved in the process and who still worked for one of the organizations. I could approach them easily with questions. Also at regional level, there were many executives who were still in their position and who could give good feedback. In the parent company and at board level, there were still some people who had been involved in both cases.

After considering the best way to conduct the interviews, I decided to take an open and informal approach. In many of the interviews, I did not directly explain that I was involved in a study. I said that I was interested in understanding the differences between the two cases and what they felt had been the obstacles. Why had one case been so successful, for example? I gave more details when asking what had gone wrong in the second case. This way I could gather a lot of open information and in many cases this opened doors to rooms I did not know existed until the study. As some of the people were still reporting to me, approaching them in an informal way enabled the information to flow in a more objective and open way.

In this study, I wanted to go into more depth about the environmental differences between the two case studies, to better understand the conflicting results in the two cases. I wanted to focus on additional factors that were not fully taken into account in the two cases. My hypothesis would be that certain human psychological and behavioral elements were not properly considered or taken

into account. As a result, there was not enough adjustment to the proposed change model and insufficient adjustment to the two different situations by the leader himself. I would like to focus on the resistance factors for the target group as well as the change team and the leader whilst conducting a change plan.

In my research, I want to look back at more details, revisit and examine the differences in these similar cases. Using the clinical psychoanalytical approach, I want to come up with more ideas to better understand and examine the human factors and behavioral elements. This could help explain the resistance to change among individuals and groups and the way we adjust as leaders. I would like to explore the emotional intelligence and intelligently emotional approaches for a successful leader. I want to show how emotional intelligence can affect the organizational receptiveness of the leader and the leader receptiveness of the organization. My objective is to produce some key factors as an additional tool for managers leading change to follow and notice when conducting and executing change programs.

## **7.2. The Environment**

Both companies are part of a large international parent company with subsidiaries in many regions and many countries around the world. The parent company is a public company and most of the subsidiaries are majority owned by the parent company. The majority of the subsidiaries are independent companies organized in the different local countries around the world. Each company has a local CEO and a management team. Some of the companies also have local boards. Each company reports to the regional level for administrative and ongoing normal issues. For issues or assignments which are abnormal or require complex interference or which could

affect the entire brand of the group or the reputation of the company, the board of the parent country is involved and the local company reports directly to the board for this issue.

The different companies around the world sell similar products and services and in a way work for the same sector. Many of them share the same type of customers and the same systems and manufacturing methodologies. In many cases, they also share the same marketing difficulties and normally share the same competitors.

The company culture and structure is very decentralized. In practice, most decisions about normal or ongoing issues are taken at local level.

### **7.3. The Observer**

When the first case study began, I had already been working for the parent company for several years. At that time, I was an experienced managing director and had already performed several assignments for the parent company in other companies. With regard to my other assignments, I was engaged in another line of business that was non-core and which did not exist at the company involved in the first case. I did not therefore have any experience in the specific markets and products of the target company. At that time, I had a lot of experience in dealing with negotiations with customers and employees, but had virtually no experience dealing and negotiating with trade unions. Until then, I had not had to deal with or have direct contact with regulators and politicians in the markets and countries in which I was operating.

Another significantly different aspect was the size of the business and the number of people in the organization. Taking over company A was a significant promotion for the observer who was

also the leader in both cases. The observer used to manage smaller teams and had been responsible for much less business turnover.

#### **7.4. Case A**

##### *Context*

I was asked to become a CEO in one of the top 5 largest subsidiaries of the parent company. The company was in a different country than where I was living and working at that time.

The CEO of the company was always a local person. The policy of the parent company was to assign local people to CEO positions in the leading top 20 large organizations worldwide. The last CEO had been dismissed a few months before I started. For the transition period before I joined, the chairman of the local board had taken the lead and the daily management was given to the interim COO (Chief Operation Officer).

The parent company lost confidence in the local management and wanted to bring in an external person with no specific internal knowledge to evaluate the situation objectively and advise the parent company on what it should do to make the company profitable and successful.

##### *Company A Background*

- The company was active in the core business and had similar activities, product and services as the parent company. The company had been in existence for many years and had been part of the group for over 20 years.
- More than 1000 employees worked in the company when I joined.



- The company was unionized and 90% of the employees were represented by labor unions.
- Two main unions in the company.
- The company also had an active works council.
- The company had been loss-making for several years.
- A very significant customer had stopped his activities with the company two years before I joined.
- The company had not recovered since then.
- The products and service level were not sufficient.
- Customers were leaving the company and the revenue and profits had been in decline for several years.
- The budget for the coming year was additional revenue and profit decline.
- One of the company's main customers lost confidence with the company and announced its intention of moving the entire business to the company's main competitor.
- The CEO was dismissed a few months before I was appointed to run the company.
- For few months, there had been an interim management that kept the business going.
- There were concerns at employee level about the future of the company.
- Most levels of the organization were aware that the company was having problems.
- There was great concern in general about the future of the company.
- The organization had performed well in the past. They had had some good years.
- The organization seemed to be motivated to perform better but did not have the right plan and leadership to make a realistic plan.

*Phase one*

- On my first official day in the company, I started by addressing the MT in a structured way. I did a lot of thinking and reviewed all the available data before starting. I advised them about the new focus and objectives for the coming months and expectations for the midterm. I advised them about how I would approach the business and my general management philosophy.
- I was told about the constructive role of the works council and the fact they should be addressed before the official nomination of my role was approved locally. I made an effort to address the company's works council in their native language. I explained the main concerns of the parent company and my belief that if we all worked hard together we could get out of this situation and everyone would benefit.
- My nomination was approved by the works council. I introduced myself and advised the organization about the status of the company and what needed to be fixed, including coming objectives. I used the company INTRANET and posted a letter in the local language. The same letter was sent by fax and put on the message boards in all locations. I also sent the same letter by e-mail to all employees with a company address.
- My preliminary objective was to create an open environment and to encourage an open dialog. I wanted to make sure that I would hear the real information and problems and true stories. I decided to approach the different levels in the organization personally. I felt that this was the only way that I would be accepted and understand the real problems.

*Phase two*

- A few weeks to get an introduction to the company. During the first two weeks, I made an introduction plan. The idea was to make sure that I became acquainted with the different disciplines in the company, meet the key departmental heads, and get their insight about the company's current situation and their ideas for the future.
- Building a 30-day plan (what I am going to cover in the first 30 days before taking any significant decisions). I had already done some preliminary thinking before I started, but I made adjustments after the first week in the company.
- Visit all the significant and relevant locations. In each location, I talked to the head of the location as well as the people reporting to him. I asked them many questions about their daily challenges.
- Take immediate action and remove non-performing and non-supportive executives from their positions. My idea was to make sure that the first obstacles were removed. I also wanted to send a clear message to the organization that I was very serious about making changes and removing non-performing and non-supportive barriers.
- I continued to communicate with the company using the INTRANET, e-mails, fax and message boards referring to the first objectives.

*Phase three*

- I came back to the MT after my initial findings and had a formal discussion with them.
- At this meeting, I advised the team about my intention to restructure the company and also presented my plan for the next 90 days.

- I identified a small group of managers in the organization with whom I could build a coalition. I first needed a few followers with enough power and influence in the organization to carry out the message. Also I did not have enough knowledge and needed constant support for the restructure plan.
- After obtaining formal approval for the plan and the commitment from the management team, we decided to advise the works council about the plan and the intentions.
- Restructure the company organization structure. Abolishing some departments and creating some new departments and disciplines. This involved changing some senior positions as a part of the plan. Made a few promotions in senior management and mid management.

#### *Phase four*

- Adjusted the budget for the current specific year. I realized that there was not much I could change immediately on the revenue side and focused mostly on the cost side. I decided to contact the three major customers and devoted special attention to building a relationship with the key customer who had announced its intention to leave the company for our main competitors.
- After a lot of reflection, I eventually decided where the focus should lie and which activities needed to be stopped. I decided to stop all activities that were not core business to the company.
- I constantly made sure the organization was aware about prioritization. I continued to communicate directly and indirectly with the organization.
- I made sure that I was involved and knew all the details. Follow-up and ensured that I was constantly “hands-on”.

### *Results*

- There were soon very positive signs. The company seemed revitalized. Many employees seemed much more optimistic about the future.
- I was constantly looking for signs of recovery and making sure that the organization was aware of positive developments.
- I chose to promote, reward and recognize some high performers who had shown significant commitment and great efforts.
- The company returned to profitability after 6 months. The key customer decided to stay with the company and cancelled its plans to downsize the business.
- Second year profitability increased significantly and the company started to grow in revenue. We fixed the core lines of business and embarked on some new ones.
- After three years, the company became a market leader in the country concerned. The group recognized the success of the local company and started to use the local operations as a reference site for our group activities worldwide.

### **7.5. Case B**

#### *Context*

After a year and a half of leading company A and seeing the very positive signs that company A was turning around and starting to move towards a constructive future, the parent company asked me to take the lead of company B.

Company B is also a domestic company from the same group of companies that is being managed by the parent company. The country in which company B operates borders the country

were company A is active. There are some similarities between the cultures in the two countries but also many differences. I had already lived in the country of company B for some years. I had continued to live there whilst managing company A.

Company B had been making losses for a very long time. My assignment was triggered by a sudden bigger challenge, when the largest and most profitable customer of the company announced their intention to stop all business with the company within 2 months. The current CEO was not aware or had not informed the management of the group about the negative direction and the expected consequences. The board of the parent company was shocked to receive this sudden news and decided to remove the CEO immediately, asking me to take his place.

As I had to continue my role with company A, I presented the parent company with a plan to lead company A and B together. The idea was to create one management team for the two companies, combining some of the positions like CFO (Chief Finance Officer), CMO (Chief Sales and Marketing Officer), Security and administration for both companies. Part of the plan was an idea to create a shared service center for the two companies and keep all unique positions and departments separate for the two companies. The plan was approved and I was asked to take the responsibility immediately.

Besides the regional structure, I decided to use the same methodology I had developed and used for the change process at company A. I followed the same methodology and implemented the same change plans, change process and change structure as much as possible for company B.

*Company B Background*

- The company was active in the core business of the activities product and services of the parent company.
- The company had already existed for many years and had been part of the group for more than 40 years.
- In the past, the parent company had only had 50% of the shares, but 5 years prior to that time the company had bought the remaining 50%.
- 600 employees worked for the company when I joined.
- The company was entirely unionized.
- There were three main unions in the company.
- The company also had a formal works council but it was not really active. There was no real separation between the works council and the union representatives.
- The company had been loss-making for many years. Apart from one or two years when the company was at break-even, the company had always made losses.
- In the year before I joined, some very significant financial reporting gaps had been discovered and had to be fixed. These adjustments increased the losses of the company very significantly.
- The most profitable customer had just announced that it was leaving and signed a contract for the entire business with another company. The departure was with immediate effect and the entire business would leave within two months. Without this customer's business, the company would make losses of 30-40% which would not be bearable or acceptable for the parent company.

- The overall service level was bad and did not meet the contracted service level agreements (SLA).
- Many customers were unhappy with the company's performance and were constantly complaining.
- The company had a culture of social instability. There had been frequent strikes in the past. The old management spent a lot of time with the unions.
- There were weekly meetings between the CEO and the management team with unions.
- Most of the time and energies of management were invested internally with daily operational challenges, the unions and answering customer complaints.
- Most of the employees were not aware that the company's overall performance level had deteriorated. They knew that the company had been losing money for many years but the company kept going.
- They were aware that many complaints were received from customers and that a key customer was about to leave the company.
- Most employees were convinced that they had good products and that customer complaints were a normal part of the business.
- They thought that the major customer leaving the company would change his mind at the last moment or return after a few months.
- No real significant investments had been made for the future. The company's facilities and production lines looked outdated. Condition and maintenance looked bad.
- The CEO was dismissed on the same day that I arrived. He had not seen it coming and his management team was certainly taken by surprise.
- The CEO was always a local person.



- In the past there had been relatively few contacts and poor connection and dialog with the external group.

### *Phase one*

- On the same day that the CEO was dismissed and I took over, I addressed the management team in a structured and official way. I advised them about the seriousness of the situation, the decline of the business and the concerns of the parent company.
- The next day, I presented my change plan to the local management and the regional executives who would be working on the coming change plan.
- I gathered the works council. I gave them the same message that I had given the management team the evening before. I communicated in English and this was interpreted simultaneously.
- In both discussions, I gave them some hope but advised them that the near future would be very painful.
- We advised them about some organizational changes:
  - The fact that there would be one regional management team for the two companies.
  - Some immediate changes in the reporting structure.
  - There was an open layout at the company's head office. I immediately decided to remove the management team from this environment and made sure that each manager had his own office.

### *Phase two*

- I used the same methodology as in company A and reused my introduction plan.
- I took two weeks for a quick introduction plan to the company.

- Dedicated meetings and took the time to speak with all those reporting directly to the former CEO. In some of the meetings, I was joined by the new regional executives.
- During the first month I met all the key people and visited all the locations.
- I immediately changed the structure in some reporting departments.
- I spent most of the week at company B (normally 3 days out of 5).
- I communicated with the company using e-mail, fax and message boards. There was no INTRANET available.
- I tried to keep constant message flow.
- In the messages, we communicated our main concerns and gave hope for a better future after a painful period.

### *Phase three*

- Return to the management team after 30 days with initial findings. There were no new surprises but I could give them much more detail about what needed to be improved.
- I advised the team about my intention to restructure the company. The main idea was to replace some key people immediately and find activities that could be stopped and locations that could be closed.
- I presented them with an initial plan for the coming few months and advised them on what the focus would be. I told them that we must find a way to change the culture and behavior of our employees. It was also crucial to ensure that the service level improved.
- I removed the COO from his position and nominated an interim COO who was a local resident in the country of company B but who had worked for company A during the past year.

- I advised the unions that 40 people would be made redundant. We specifically chose the troublemakers and non-performing employees from the different locations. Although redundancy actions had been discussed with the unions in the past, I decided to advise them on the same day of the redundancies but not to discuss it with them or ask for their support in advance.

#### *Phase four*

- Recruited a new COO and new sales and marketing director to lead the company.
- We hired several additional professionals on an interim basis to support the company as we move along.
- I assigned a team of specialist from the parent company to work with the operations and the local management and support the new interim COO.
- We decided to close two locations as soon as possible and combine the activities and employees in one location.
- We changed the reward plan. Made sure that all managers had clear targets and objectives and put a bonus plan in place.
- We adjusted the budget for the current specific year and the future.
- Together with the regional CMO and new sales director, I made a point of meeting all key customers. We advised them about the company's new direction and asked them for support as we targeted an improved future.
- I constantly analyzed the results and visited the locations seeking positive signs.
- My intention was to use the positive signs to motivate the organization to move faster.

*Results*

- We could not find significant core activities that could be stopped.
- We were able to combine some locations but still had to do the same activities.
- We tried to implement new systems and procedures but faced a lot of resistance from the production floor.
- There were some positive developments but the company was not getting out of the crisis fast enough.
- It seemed that the energy was not returning and there was not much change in efficiency or improvement in the service level.
- I was constantly looking for improvements hoping to recognize the early birds to be rewarded. It was very difficult to find them. Sometimes I had to offer rewards just to create an atmosphere of change and try to stimulate new energy.
- I could not feel the same energy as I had in company A. I had the impression that the company was sinking faster rather than moving out of the crisis.
- We managed to stabilize the activity and gain more control. We could not convince new significant customers to start working with the company.
- After a year and a half, the situation had not improved and in the end we decided to stop many of the activities of company B and only retain a small part of the business

## **8. General study gap analysis and discussion**

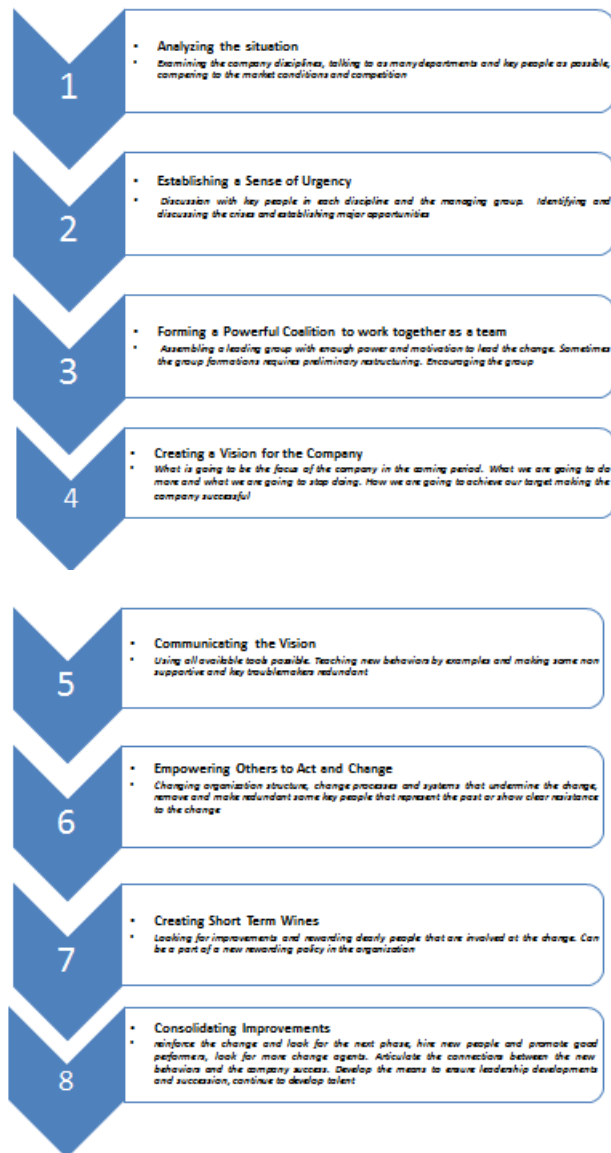
Before embarking on my studies at INSEAD and participating in the coaching for change program, I had the impression that I had followed exactly the same plan and the same structural changes for both organizations. I thought that the main reasons for the difficulties I had been having in case B compared to case A were due to the different, more challenging external circumstances, different timing for interventions, organization culture, less available time, fewer resources and more resistance.

In my study comparison, I reviewed the two cases in more detail. I revisited and examined the differences in the cases from a clinical viewpoint, looking for new ideas to better understand and examine the human factors and behavioral elements that might explain the different outcome in two relatively similar cases.

Besides the many similarities between the two companies, I had also used the same change methodology for both cases:

- In both cases, I applied the 8 step model (see above) which I had developed to initiate the change process and to navigate the change as I proceeded

Figure 1: My practical corporate transformation model



- In both cases, I had 4 similar significant phases:
  - **Approaching** the organization
  - **Studying** and analyzing the situation
  - **Designing** the change plan and making the initial significant changes
  - **Observing** and ensuring that the new direction was established and that the organization was gradually recovering

In the next chapter, I would like to investigate “**the mystery of the dead mouse**”. How can I explain an experiment starting with two identical subjects (company A and company B) that are given two identical vaccinations (same change plan)?

During the experiment, one mouse recovered (company A, which we managed to turn around) while the other died (company B, much of whose business we had to close at the end of the change process). We cannot find a logical explanation for the different results. Initially I assumed that I had used the same conditions, same subject and same vaccination in both cases. In this chapter, we consider the details. I want to note the many differences between the two cases (‘our experiment’) that were not fully taken into consideration:

- Were the two companies (‘subjects’) really identical?
- Was the environment identical?
- Did we really conduct the same process (‘experiment’)?
- Is there another way to explain the different results?
- Did we use the same change methodology and plan (‘vaccination’)?

When comparing the two cases, I realized that some of the above were very different in both cases. In many ways, the only constant factor was me as the leader. After my executive Masters studies in INSEAD, following an intensive leadership development program, I had the time and the opportunity for some self-reflection. I was able to gather some honest and constructive feedback about my personality and behavior from a group of trusted peers. I was able to take the distance and perspective needed to evaluate my approach to organizational change. I could examine and test alternatives and techniques in more depth. During the study, I looked deeply

into myself. Understanding my personality better, I looked at the nuances and at my behavioral and human intelligence in the two cases. Was I both emotionally intelligent as well as intelligently emotional (Herkenhoff, 2004) and to what extent and how during the two cases?

- Did I behave the same?
- Did I lead the same?
- Did I invest in the first step to understand the same?
- Was I patient to the same degree?
- Did I use the same energy and have the same openness?
- Did I enquire and adjust during the process or did I work in a more technical way?
- Did I communicate the same during the process?
- Did I show the same interest in both cases?
- Was I open in both cases?
- Did I show the same respect for the other?
- Did I give the same feedback?
- Did I use the same approach to the groups?

In reviewing the two cases, I revisited the data and the interviews through the lens of our ‘CCC studies’, using studies available in the literature. There were clearly additional reasons for the different outcome in both cases and it was obvious that many aspects were significantly different. These will be addressed first. I will divide them into several groups and in the next chapter I will explain the findings and discuss the gap analysis.

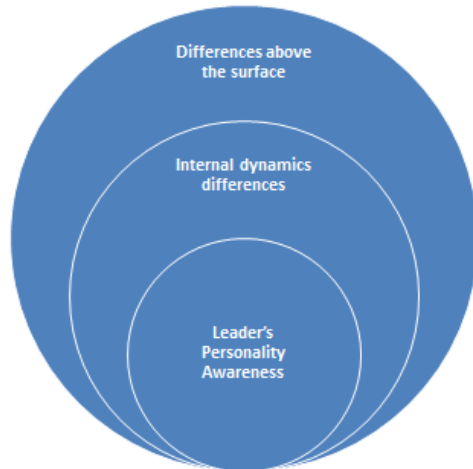


## 9. Findings and discussion

I would like to divide my observations and the gap analysis results into three main groups for the simplicity of the discussion:

- ✓ **Evaluation of external differences between the two cases above the surface:** The different consequences and the above-the-surface indicators observed once you approach the cases with a naked eye (with no clinical tools).
  
- ✓ **The different internal dynamics:** The second phase of approaching the target change organization with a more internal focus. At this level, we ask more below-the-surface questions about the dynamics between the different power groups and individuals in the organization, i.e. the target group and the dynamics below the surface between the different groups and between the leader and the different groups.
  
- ✓ **The leader's personality structure and awareness (behavioral intelligence and social intelligence):** At this level of observation, results are very internal and concern the leader himself and his personality. They are thus very much related to what the leader knows about himself and how he uses himself as a tool when addressing others.

Figure 3: observation and the gap analysis results in three main groups for the simplicity of the discussion



### **9.1. Evaluation of external differences between the two cases above the surface**

I landed in company B 'like a bomb'. Company A had much longer to prepare. They knew that the CEO had been fired and were expecting someone else to take over. Company B was taken by surprise. The staff was probably quite close to the CEO who had invested a lot of time in internal issues and in the relationship with the unions. I replaced him and in a way they felt they were losing a 'father' and getting a 'stepfather' in return. The new 'parent' was very different, much more direct and challenging than their old 'loving father'. It is also possible that the 'old father' never really gave them realistic feedback. They may have had the impression that they were doing OK or at least did not expect serious threats. Looking at the study of organizational changes, these factors need to be taken in consideration whilst addressing and before choosing the right strategy for the desired change plan (Kotter & Schlesinger, 2008).

It seems that I did not consider the fact that the two organizations would need different lengths of time to come to term with a new situation. In company A, I was lucky because the organization

was already ready, mature and expecting the change. Company B was not ready for the change. I should probably have taken more time to let them understand and digest how bad the situation was. I should have let the dust settle before acting. I should have let them speculate more about the direction I was going to take before starting to act.

In case B, I assumed that I had to give a clear message that I was going to take painful decisions and have a different relationship with the unions. In a way, I think that the messages I was sending might have been stronger than necessary. I should probably have gotten their attention and made sure they started to change their approach using less ammunition.

In the interviews with different employees from different levels in company B, I discovered that each group had different access to the information and that each level had a different level of exposure to the information. Consequently, the groups analyzed the situation differently, which in turn led to resistance. Some groups, like managers at head office and senior managers in the different locations, had more access to information. As a result, they understood better what the company was doing and did not resist. On the other hand, lower level management in the locations did not know exactly what was happening and had much less information. They unconsciously resisted. As a result, they could not give answers and certainly not the right and desired answers when asked questions at production floor level and developed clear resistance to the change.

Looking back, I think that I tried to change too many things at the same time: the structure, key managers, redundancies, combining locations and the fact of them having to deal with a new

CEO. The outcome might have been entirely different if I had taken the same major steps but one at a time.

As a result, in case B I ultimately skipped some phases in the change process and moved too fast. Skipping even a single step or getting too far ahead without a solid base nearly always creates problems. According to Kotter (1996), “When an organization is in a crisis the first change project within the large change process is often to save the ship [...] the second change project might be associated with new strategy or reengineering” (p21).

Could I have reduced the pressure from time to time during the process after some difficult times?

I do not think that I did this in either case. In a way, I kept the same level of pressure. In case A, results came faster so the pressure was reduced faster and people could recharge their batteries and continue. In case B, there were not enough clear signs of recovery so pressure continued to build without the opportunity to stop and recharge before continuing. In case B, there was a kind of ‘lockout’ during the fourth layer. The organization did not progress and did not move ahead fast enough. At this point, I could have used more unfreezing factors to try and adjust and move ahead (Goodstein, 1991). I should have devoted more attention to minimizing the pain in every possible way. I could have established more training programs to support the change in individuals. I should have identified the dysfunctional management style in the organization and start developing a new management style to fit the specific obstacles and to create movement forward.

Looking back, I think that not building a solid base at the start of case B created more unnecessary additional pressure. I did not create a great enough sense of urgency or form a strong

coalition. We probably did not establish enough followers to create the required critical mass which was essential to moving the change process forward. The outcome is therefore quite normal and not surprising. Skipping some steps and moving ahead too fast easily creates problems. I think that I felt too much pressure to produce positive results and consequently skipped steps in the process in company B.

As an interim summary, in case B, it seems that we failed to choose the right strategy when adjusting the one we were familiar with. We moved ahead too fast, changing too many things together and not waiting for the organization to adjust. We did not help the followers to adopt and digest as we continued to move and put on more pressure. Also after choosing the strategy, management should be very careful about the speed with which it implements the change plan. It might be that the energy and improvement were not forthcoming because the changes were too much for people to cope with. In a sense, they must have felt as if the ground was giving way beneath them.

## **9.2. The different internal dynamics**

Had we managed to create a coalition with the unions and find a way to use them for our actions, we might have had a different result. Looking back, I feel that the relationship with the unions was not evaluated properly. Management did not make enough effort to create trust and confidence. When we realized this, we should have communicated more and made sure there was more dialog between the different groups. In his article 'Why Transformation Efforts Fail' (1995) Kotter studies how organizations change, and looks particularly at how coalitions are formed, asking how many people we need to change in order to pass the critical mass for change. Kotter's idea is that every change program starts with just one person. In the case of successful

transformation efforts, the leadership coalition grows and grows over time. However, if some minimum mass is not achieved early in the effort, the process risks being blocked and not being able to move ahead. In the most successful cases, there is a formation of a coalition or coalitions which should be powerful enough.

I think that the coalition with the unions was important. In a way I underestimated how they could help me communicate the change and get the support of the production floor. In company A, there was a strong works council that had a good relationship with and trusted the company leadership. They were part of the early coalition that helped convey the message to the production floor. In company B, there was no such active and trusted works council and the local managers were weaker than in company A. As a result, a gap developed between the senior management and the problems on the production floor created some frustration. This gap was filled by the union representatives and turned into active opposition to any action that the company tried to take.

I do not feel that I was sensitive enough in company B to small gestures and nuances. For example, I did not make an effort to address the unions in their local language. Had I done so, I could have shown them that I was making an effort to be accepted by them.

Another aspect of the resistance to change was the political behavior between the senior management and local management and between both management levels and the unions, especially in case B. Beneath the surface, each camp had different values. Each wanted to protect their interests and rather than look for constructive solutions, each camp dug its heels in further.

There was obviously a different tolerance for change when we compare company A and company B. It is quite normal for people to be afraid and therefore resist change. The more people are concerned about not being able to develop new skills, the more they will be afraid and resist change. Due to these factors, individuals can resist change even if they understand that it is good change. I think that we did much more in company A to make sure that people would get the right training and support to change than we did in company B.

In both cases, there was not enough participation and insufficient involvement of the different groups in the change. It was less critical in case A because there was a strong natural coalition with the works council. It was more pronounced in case B. Here, we should have ensured that the unions were more involved in the change plan and became an interactive part of implementing the change. They could have become a virtual part of the coalition even if they were not aware of it.

There were not enough continuous negotiations during the process, particularly in case B. It was clear that there was strong resistance in case B. One of the things that could have been done was to negotiate early and continually with the unions. It was becoming clear that the unions' perception was that they were going to lose out due to the change and the new situation in the company. If we had started a dialog with them at that point and given them something in return for their support, we might have been able to soften their resistance slightly.

I think that there was also a difference in the cultural environments of the two different countries that I had disregarded. There is a significant cultural difference between the two societies which naturally influences the internal culture in the two companies.

I conducted interviews with people from lower management level and specifically several people from company B who are now working for company A. They all mention a difference between the cultural environments in the two countries which in a way was disregarded. There is a significant cultural difference between the two societies which naturally influence the internal culture in the two companies.

The way they dealt with hierarchy and power in the culture of company A was very different from how they dealt with hierarchy and power in the cultural environment of company B. In the culture of country A and company A, people are less hierarchical. They tend to express their opinion and share their concerns openly. They felt that they and their concerns were heard. Feeling that they were being taken seriously, they then accepted the direction and followed the leader without much resistance.

In the culture of country B and company B, people are much more hierarchical. They normally do not say directly what they think and do not discuss their concerns openly and formally in meetings and discussions, especially when more people are present and particularly not in the presence of senior managers. They will not oppose directly and will not say much in meetings and discussions. Even when asked directly, they will tend to say what they think that the leader or their boss wants to hear.

As a result they only express their concerns and show resistance behind the scenes when there is no leadership present. In such a situation, it is even possible that the leader or the leadership team is not aware of any real resistance. They will not say much but the resistance will become engrained in their behavior. They are not convinced and are therefore much less energetic and less motivated. They feel that the organization is not going in the right direction but they will continue as they are not expected to say anything.



This produces a kind of 'set up to fail syndrome' or 'set up to fail prophecy'. The outcome will be an organization with a changed strategy and new direction but without sufficient supporters and not enough critical mass to resist and overcome the natural and persistent resistance. It will block the organization from moving positively for the change.

These dimensions were partly investigated by Herkenhoff (2004) in her study. Herkenhoff looked at how different cultures deal with hierarchy, individualism and power. She concluded that change programs very much depend on the national cultural dimensions such as power distance and individualism (Hofstede, 1980) in the specific countries and organizations targeted for change. Countries with high power distance normally have high acceptance of hierarchies. In cultures with less power distance, subordinates generally prefer a more horizontal and less hierarchical organization. When dealing with cultures with a higher level of individualism, employees feel that they almost have the right to have their individual thoughts. Her main conclusion is that reframing emotional intelligence and fine-tuning cultural approaches can better support management in the leadership of effectiveness and organizational changes.

I agree that different cultures deal differently with hierarchy, but sometimes there may be a conflict between high level of individualism and high acceptance of power. When this is the case, as in the case of company B, it can lead to stagnation in the change effort. People will not resist the power of their leadership and management but they will keep their individual ideas and will not support the change. Consequently, there is a risk that the process will not proceed as desired or slowly die.

Looking at this analysis, it becomes clear that as a result of the cultural syndrome - the more hierarchical the culture is, the more difficult it is to change the organization. This result is

somehow opposite to the logic. We normally tend to think that it is much easier to lead organizations that are hierarchical. I think that it is much easier to lead hierarchical organizations, but it is much more difficult to change them. The change process requires followers, new energy, the involvement and commitment of many groups and individuals. A hierarchical society which by nature does not expect the individuals to express their opinion and encourage dialog between all levels will have much more difficulty changing. Therefore, I think that one of the key issues a leader has to ask himself before embarking on a change strategy process and before choosing the specific strategy and plan for the process is: what family of cultures am I facing? And then adjust the plan accordingly. A change plan which is built for a hierarchical society will not work in a non-hierarchical society and vice versa.

### **9.3. The leader's personality structure and awareness**

In general, I was more confident approaching the second case. I felt more confidence and had more experience. I had just had a positive outcome in company A. Being in this situation I developed some blind spots that did not receive the right attention or adjustment. In a way, I feel that I 'labeled' company B's situation based on the reputation it had before I joined it and based on the hypothesis I had even before joining.

I did not note some of the key differences between the two cases that should have been given special attention. I made too many assumptions about case B.

One example was the way I approached the unions based on the reputation I had about the local unions not being supportive and wasting management time. This question of labeling (labeling = the expectation of the behavior of the other) and thus failing to see the right situation resulted in

many blind spots causing the leader to move in a wrong direction. We tend to over-estimate and misinterpret the behavior we observe. We label our own behavior and develop a kind of self-fulfilling process. Labeling helps us to function faster as human beings and is probably one of the factors that help us to survive. On the other hand, labeling is not always correct and as leaders, we should be aware of the risk of labeling. A leader must therefore be aware of his labeling mechanism, his stereotyping tendency, be aware of individual and internal biases and his own possible role therein.

The labeling and the self-fulfilling processes were investigated by Manzoni and Barsoux (1998). In the study and the book, they show how a “vicious cycle” can develop between manager and subordinates and in the same analogy between a leader and a target group. Once a manager has labeled a subordinate as a poor performer, the subordinate is discouraged from improving their performance, resulting in continued poor performance and failure, as the leader had expected at the beginning of the ‘set up to fail’ process.

In a way, without knowing or realizing this, I feel that I contributed significantly to the negative behavior of the unions, for example. It is possible that the resistance of the unions was accelerated because of my anticipation and behavior.

Being more confident in my approach, I was more aggressive and listened and observed less. In case B, I tended to react fast and more in a technical way. I think that the fact that I already knew the sector and felt experienced and confident after the experience with company A worked against me. I was less tolerant, less sensitive to feedback and less “excited” about the challenge

of making it happen as in case A. On reflection, my conclusion is that I acted more in “autopilot mode” in case B.

I did not bother to build trust between myself and some of the interest groups in company B. I was very direct, perhaps too direct, in expressing some of my findings and conclusions. As discussed above, I probably labeled many of my findings and adjusted them to my prior expectations and reputation and the assumptions I had about company B.

Looking at myself as a leader from an organization perspective, in some cases I did not give them the opportunity to be skeptical about me. I did not show them that their approval and trust was important to me. I did not pay special attention to the ‘inclusion factor’. I took it for granted that I had a reputation of being a successful leader and they had to accept that.

I did not devote attention to their self-esteem. They had already lost a loving father who had been replaced by a cold stepfather. Furthermore, I had immediately brought in some external regional managers from company A to work with me. In this way, I may have hurt their dignity too much by being from another culture myself and being supported by additional older stepbrothers and sisters.

During my in-depth reflections whilst writing this thesis and after re-reading all the available data and the many interviews conducted, I asked myself some additional questions related to my thought process and behavior that were related to me personally and the development process in my performance in case B compared to case A:

- What was my level of anxiety in case A compared to B?
- Could I have shown more empathy?
- Did I think about the feelings of the individuals during the process?
- Did I care about their feelings during the process?
- Did I show that I cared?

These questions were investigated in the clinical paradigm of organizational behavioral studies. Goleman and Boyatzis (2008) investigated the social intelligence and the biology of leadership. In their study, they came up with measures for helping executives measure their social intelligence level and helping them to improve. They produced several main emotional intelligence frameworks based on the methodology of the Hay Group, which uses hard metrics to capture the performance of top-performing leaders at hundreds of corporations for more than two decades.

The main indicators that are essential for us as leaders and which we need to be constantly aware of are:

✓ **Empathy:**

- Do we really understand others, what motivates other people even if they come from different backgrounds?
- Are we sensitive enough to the needs of others?

✓ **Attunement:**

- Do we listen attentively and think about how others feel?
- Are you attuned to other people's moods?

✓ **Organizational awareness:**

- Do you appreciate the culture and values of the group or organization you are leading?
  - Do you understand the social networks and their unspoken norms?
- ✓ **Influence:**
- Do you persuade others by engaging them in discussion and appealing to their self-interests?
  - Do you get support from key people and groups?
- ✓ **Inspiration:**
- Do you lead by bringing out the best in other people and groups?
- ✓ **Teamwork:**
- Do you encourage cooperation?

The significant difference for me was in my personal load and self-commitment. In company A, the assignment was my only assignment. I could devote all my energy and resources to the change plan on a full time basis. While doing the same for company B, I was still involved in company A. Company A was still recovering from a difficult period and in the process of change. I invested more time in company B and made sure I was at company B on most of the days in the week. Looking back, however, I cannot say that 100% of my time, focus and energy were fully invested in case B. As a result, it is possible that company B received less management attention than company A, despite the starting conditions being even more difficult.

This issue is simply related to normal load of work and priorities. There is not much you can do about that, besides being aware that prioritization is a key part of your responsibility as a

manager. In conflicting complex assignments, you should constantly challenge yourself with questions about where to focus and about the risk of devoting too much energy on one assignment at the expense of the other.

One of my conclusions is: for key assignments which are vital and critical for the future success of the company, leaders should ensure that the person leading the process is fully focused on that one assignment and that he or she knows that his entire future in the company depends on the success or failure of this assignment.

During the process at company B, I empathized much less with how the other individuals and groups were feeling. I should have forgotten my own agenda and seen how the world appeared through the eyes of other individuals and target groups (Scharmer, 2008). In a way, I assumed that they would understand and follow my logical way of thinking and see the world and reality in the same way that I saw it.

I am not sure that I took enough time and energy to explain why we needed to change and why the outcome after the 'pain' would be better for them. In other words, why they should work harder and what they would gain once the company was performing better. What was obvious to me as the leader and what was clear to us as the management team was not clear to the different location management teams and thus not clear to the production floor and the unions.

When we are engaged in real dialog and paying careful attention (Groysberg & Slind, 2012), we can become aware of a profound shift in the place from which our listening originates. We move from seeing the objective world of things, figures and facts, listening to the story of a living and

evolving self (the “you-world”). Sometimes, when we say “I know how you feel,” our emphasis is on a kind of mental or abstract knowing. But it requires an open heart to really feel how another feels. An open heart gives us the empathic capacity to connect directly with another person from within. When that happens, we enter new territory in the relationship; we forget about our own agenda and begin to see how the world appears through someone else’s eyes. I had not been listening with enough empathy and much less in case B. I was not trying to understand exactly how the others feel. This deeper level of listening as empathic listening was not sufficient.

In the way that I was looking at the organization, I realize today that I had many blind spots. Looking at the two cases, I assume that in case B I had more blind spots than I had in case A. In his study, Scharmer (2008) studied the question of blind spots in leadership. Leadership is about shaping and shifting how individuals and groups attend to and subsequently respond to a situation. But most leaders are unable to recognize, let alone change, the structural habits of attention used in their organizations.

During the study, I asked myself about the receptiveness of the organization to my leadership and leadership style. I also looked very deeply at myself as a leader, referring to the way I received the organization and the capabilities of the leader for receiving others and being received by the organization.

Looking at this last point, there should be a receptiveness process between the leader and the target organization and between the organization and the leader. The leader needs to realize that his acceptance as a leader by the target group cannot be taken for granted, even if he has been



very successful in the past. Even if he has an excellent reputation and even if he is supported by the board and has a lot of power. The leader must show the organization a great deal of humility and create a sense of inclusion if he is to be accepted as a leader by the group. The leader should not take it for granted that he will be accepted. He should show the group that it is very important to him that the group accepts him, even though theoretically he can do his job and move wherever he wants without their approval.

When I look at the two cases and the concept of inclusion, I think that in case A, I gave the many groups and individuals in the company a strong sense of inclusion. They were aware that I needed them to accept me. I gave them the feeling that they were important to me and my success and that I did not take their acceptance for granted. As a result, I was accepted by many groups and individuals as their leader and the receptiveness process was successful.

Looking back at case B, I did not behave in the same way and probably did not give other people that feeling. I was much more confident and arrogant. I did not make the other groups and individuals feel that I wanted and needed them to accept me. I did not show any willingness or aspiration to be accepted. I took it for granted that I deserved their trust to be their leader. I took it for granted and that is the reason why I feel the receptiveness process failed and why the sense of inclusion between myself as a leader and the different groups in company B was not completed.

There are some studies available about the receptiveness of the organization but not many studies on referring to leader receptiveness by the organization:

Organizational receptivity to change was studied by Butler (2003). Butler defines organizational receptivity as an emerging, but undeveloped, notion which attempts to reveal the factors which contribute to organizations being either low-change, non-receptive contexts, or high-change, receptive contexts. Using comparative case studies, Butler examined two public services agencies: one which was and one which was not receptive to change. He attempted to discern the difference between the two agencies. His insights are interesting but there is no attempt to precisely measure organizational receptivity to change due to the qualitative nature of the study.

At the end of this gap analysis, I would like to combine some dimensions from the findings related to the differences in the group dynamics for the two cases together with some of the interrelated behavioral issues of the leader. I want to see whether we can combine the two to better understand the outcome of case B compared to A.

Bloodgood and Morrow (2003) found that organizational change is a multi-dimensional phenomenon. Using an inductive analytical process, they found some distinct but interrelated dimensions of Organizational Change Capacity concerning issues of human capabilities, informal organizational culture and formal organizational systems/processes. The dimensions found to be associated with Organizational Change Capacity are:

1. **Trustworthy leadership:** The ability of senior executives to earn the trust of the rest of the organization and to show organizational members the way to meet its collective goals.
2. **Trusting followers:** The ability of non-executive employees to constructively dissent with and/or willingly follow a new path advocated by its senior executives

3. **Capable champions:** The ability of an organization to attract, retain and empower change leaders to evolve and emerge.
4. **Involved mid-management:** The ability of middle managers to effectively link senior executives with the rest of the organization.

Looking at the four categories clearly shows that there was significant difference in the approach of the leader and the management team in case B compared to case A. Trust was much less earned by the target group in case B. As a result, there was much less fellowship among non-executive levels. There was not enough involvement of management and we could not create enough champions to convey the message to others and pass the critical mass needed to move forward.

Looking at the same dimensions from the leader himself and the senior management team: how did they receive or accept the organization?

In case B, both the leader and the senior management team probably did not fully trust the organization and its capabilities. Senior management and the leader did not put enough effort into creating strong involvement between them to truly integrate in the company. The senior management and the leader did not make enough effort to change themselves as part of the change. As a result, comparing company A to B, I would say that the organization in case B did not fully receive the leader and the leadership team; vice versa the leader and senior management did not receive the company.

**Reviewing the two case studies and evaluating the situation from a distance, I can see that I was not personally prepared for the change when I moved from case A to B. In a way, I fell in love with the methodology I had developed for case A and did not find enough creative space or ways to improve it for case B. I did not realize that the change was not only for the target group but also for me. As driver of the change, I should have joined in the process more myself in company B and been more prepared to change myself in the course of the change process. Looking at the two cases, I feel that I did this much more in case A than in case B (Nadler, A in Managing Change 2<sup>nd</sup> Edition). I did not adjust enough and not fast enough in case B when compared to my performance in case A.**

## **10. Limitations**

There are several limitation aspects that we need to acknowledge as part of the study:

The first set of limitations is related to the methodology. I am aware that there are both advantages and disadvantages in using the analogy of an ‘experiment’. We need to remember that we were not conducting an ‘experiment’ in the two cases. I am using the analogy to explain the concerns and the mysterious way in which I look at the two cases, but it is not an experiment. Here are two very similar cases but they are still very different from each other. In the many differences, it can be seen that I am the only constant factor in the study and as we see in the gap analysis, there were also many similarities at the level of the observer.

Another set of limitations I would like to discuss is the fact that the observer in the study is also the leader in the two cases. There are both advantages and disadvantages.

Naturally I have a special angle. Being involved in both cases, I am perhaps the only constant factor in the two similar yet different cases. As Yin (2009) discusses in his book, participant observation provides certain unusual opportunities for collecting case study data, but it also involves some concerns. The major advantage is the ability to gain access to the specific two cases and the very detailed events, groups and plans that would otherwise be inaccessible to a study. In many of my findings, there could be no sufficient evidence other than my own observation. Another distinctive point is the ability in both cases to perceive reality from the viewpoint of someone inside the case studies rather than external to it.

The major disadvantage I had to take into consideration is the potential biases relating to the two cases (Becker, 1958). I was not a purely objective observer in the two cases, as I clearly had a role and clear objectives in both cases.

Another limitation we need to discuss is the fact that many of the findings and the discussions referring to the gap analysis come from just two cases. It is true that it is a proven study methodology to compare cases and it is also legitimate to compare only two cases, but we still need to acknowledge the fact that many of the conclusions discussed in this study are based on only two cases.

## 11. Future Research

There are some additional dimensions, points and aspects which could be studied and which were only partly covered in my study:

The connections between the emotional intelligence of the leader, the hierarchical tendency of the organization and the level of individualism in the specific cultures in the target groups need to be studied further.

My conclusion in the study is that different cultures deal differently with hierarchy but there may sometimes be a conflict between high level of individualism and high acceptance of power.

During this study, it became clear that as a result of the cultural syndrome **the more hierarchical the culture is, the more difficult it is to change the organization**. This hypothesis is in a way opposite to the logic. We normally tend to think that it is much easier to lead organizations that are hierarchical. I think that it is much easier to lead hierarchical organizations but it is much more difficult to change them. The change process requires followers, new energy, the involvement and commitment of many groups and individuals. A hierarchical society which by nature does not expect individuals to express their opinion and encourage dialog between all levels will have much more difficult to change.

This aspect and assumptions should be studied further. In my opinion, it will have very significant impact on the decision about which change plan to choose, how to navigate during the process and what to expect.

In my opinion, the concept of receptiveness between the leader and the target organization needs to be studied further too. The leader should not take it for granted that he will be accepted. He should show the group that it is very important to him that the group accepts him, although theoretically he can do his job and move wherever he wants without their approval.

Some studies are available about the receptiveness of the organization but I could not find studies referring to leader receptiveness by the organization. It is therefore my opinion that this issue should be studied further as it has a lot to do with the success or failure of the change and is directly related to whether the leader can change himself as a part of the change process.



## **12. Conclusions**

### ***12.1. General***

Reviewing the two cases, the data and the interviews through the lens of our ‘CCC studies’ and using studies available in the literature, it was clear that additional reasons could be identified and that there were actually many aspects that were significantly different in the two cases. At the end of the study, my conclusion is that I can now explain the “**the mystery of the dead mouse**”.

For the sake of simplicity, I have divided my findings into three groups related to the discussion going from outside the organization towards the dynamics of the different groups and the individuals in the organization. I give special attention to the leader himself and how he deals with and adjusts himself to the change process.

### ***12.2. Key factors to consider as an additional tool for managers leading change to follow and notice when we conduct and execute change programs***

I have listed some key questions that could be used for change leaders as a kind of checklist to try and ensure that we are more aware of developments in the change process; trying to minimize resistance to the change, trying to minimize potential blind spots and thus increasing the chances of the planned change being successful.

#### ***12.2.1. Evaluation of external difference between the two cases above the surface***

The different consequences and the above-the-surface indicators observed when you approach cases with a naked eye

In this group of questions, with regard to the organization which will be the subject of the change process, the leader needs to ask himself some general questions:

- ✓ How long has the company been in crisis?
- ✓ Do the different individuals and groups know how bad the situation is?
- ✓ How are things communicated in the company?
- ✓ What are the different interest groups in the organization?
- ✓ What is the normal corporate culture in the country of the company?
- ✓ How much time is available to fix the crisis?
- ✓ Based on the above preliminary questions - which change model and methodology we should apply and how should we adjust it?

### ***12.2.2. The different internal dynamics***

The second phase when approaching the target change organization is more internal focus. At this level, we ask more below-the-surface questions about the dynamics between the different power groups and individuals in the organization. The target group and the dynamics below the surface between the different groups and between the leader and the different groups.

Once he has answered the first group of questions, in this phase the leader should ask himself the following questions:

- ✓ What are the different interests and specific objectives of each group in the organization?
- ✓ What are the coalitions in the organization?
- ✓ Why do they exist?
- ✓ Is there potential for new coalitions?
- ✓ Which groups have more influence than others?

- ✓ What is the internal culture of the organization with regard to communication, social issues, unions, discussions, disagreements?
- ✓ Is the organization hierarchical or not?
- ✓ How fast can they move and digest change?
- ✓ What is the level of the organization capital to change?
- ✓ Is the organization able to execute the changes required and described in chosen change plan?
- ✓ Is the organization able to mobilize and sustain the change process required?
- ✓ Does the coalition developed have enough followers and mass to pass the critical mass needed to move the organization forward?

### ***12.2.3. The leader's personality structure and awareness***

The capability of the leader to use himself as a tool for reflection and to understand the target individuals and groups. This level of observations and results are subjective, deep level, individual and unique. They are all related to the leader himself, his personality structure, concern the extent to which the leader knows himself and uses himself as a tool when addressing others.

The microcosms and micro focus of the leader himself. Leaders need to ask themselves questions from the following families:

- ✓ How should I approach the different groups knowing my “valency” in the specific context (how do I engage and join new situations with new groups of people)?
- ✓ Am I a fine attuned leader?
- ✓ Do I have good instincts to listen to the situation?
- ✓ How do I engage?
- ✓ What do they think about the reasons for change?
- ✓ How should I approach them to let them feel I want to be accepted as their leader?

- ✓ Do I really understand the situation?
- ✓ Do I have blind spots?
- ✓ Do I think outside the box?
- ✓ Do I understand the implications?
- ✓ What do they expect me to say as a leader?
- ✓ What do they understand from what I say, my actions and behavior?

**Looking at the narrative of the study, we can clearly see that leaders need to be aware of their internal human factors and nuances of their own internal thinking process, personality, behavior and way of engaging and influencing others when conducting a change process.**

**Even the most talented and experienced executive will fail unless he is deeply aware of his personality structure and the way that he approaches a process that requires complex group dynamic situations.**

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