"How Can We Anchor Change Without a Short Term Drop in Productivity?"

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Executive Summary

The subject of change management attracts much interest from a wide scope of academics and managers alike. Much work has been done in this field, yet the field of change management is so vast in depth and scope that many challenges have yet to be resolved.

Company's focus is on productivity while the role of change management is on enhancing productivity. Ironically, the biggest challenge that managers face when initiating change is how to control the initial drop in productivity at the point when change is introduced. Most of the literature reviewed takes the initial drop in productivity as a certainty without comprehensively addressing the causes and the remedies of these challenges.

This thesis builds on literature, case studies and interviews to summarize the elements at each stage of the change process and to identify the associated risks to deliberate on the best means in addressing these risks and eliminating the initial drop in productivity.

Abstract:

With the spread of globalization and the increase in competition, change is the only constant that an organization is certain of. If organizational cultures were not adaptable to change, the future would be quite dreadful.

Such a certainty is often obvious to organizations but the challenge these organizations face is in negotiating the immediate sacrifices or best described as a short-term drops in productivity for the long-term gains.

This becomes quite challenging in today's business world where immediate results is the name of the game and where business owners focus are on return on investment, managers drive is on year end bonus and employees reimbursement is more and more on performance pay.

In this paper we will define the change process and segment it into six stages. In each stage we will define the challenges and the associated risk. Our argument is that by mitigating these risks we are able to eliminate the drop in productivity.

Our approach is based on the premise that organizations are a collection of individual employees. To understand the risks associated with organizational change and to predict and influence the behavior of organizations, we need to predict and influence the behavior of the individual.

Introduction:

Kotter (2011) in his article Change Management vs. Change Leadership defines change in the business context as a process used to transition individuals, teams, and organizations to a wanted future condition. Change is inevitable in today's business world and organizations are facing dynamic and ever-changing business conditions (Rock, 2013). As a result they are forced either to adapt to these dynamics or ultimately perish, with no third option to chose from. Surely enough, most organizations would choose to change.

When organizations chose to change they are driven by radical innovative approaches that are defined by revolutionary abrupt alterations, where time is of the essence and rapid transformation is the norm (de Vries, 2006). This adds to the complexity of the situation since radical business approaches dictate immediate and abrupt transformation. The result of such approaches increases the resistance to change which leads to a temporary drop in productivity (de Vries, 2006).

The literature review (Rock, 2013) shows that the drop in productivity on the short-term is inevitable and it is part of the long-term transformation process, yet there is little work done on addressing the causes and remedies of such a short-term drop.

In my paper I will break the change process into six sequential stages starting at

the initial stage when the intention for change is communicated across the organization to the final stage when change is firmly anchored into the organization's culture.

At each of the six stages I will define the associated challenges and risks and I will explore ways to mitigate these risks before moving to the next stage. I argue that we cannot move to the next stage in the change process unless the risks associated with the previous stages are defined and successfully addressed.

I will address means to eliminate the initial drop in productivity by defining and addressing the risks associated at each stage of the change process while taking three dynamics into consideration; the change stages, the associated risks, and their remedies while focusing on the dynamics associated between them.

Research Objectives:

The objective of this thesis is to identify ways to mitigate drop in productivity at the point of introducing change into corporation.

Research Context: Research reviews along with the use of case studies related to the subject matter supported by interviews conducted on 15 managers.

Literature Review:

Professor Manfred Kets de Vries (2006) in his book the Leadership Mystique describes change as a certainty that ultimately destroys the organizations that do not meet the needed transformations.

Professor de Vries goes on to argue that organizations that do not evolve to adhere to today's rapidly changing environment face one certainty; demise. Accordingly, the author states that change becomes the rule rather than the exception (de Vries, 2006).

The author states, "It is often easier to change *people* than *change* people." (de Vries, 2006, p.137). In other words, it is easier to replace individuals than it is to change their mindset and behaviors.

Even when the will to change is there, the skill to change is often missing and accordingly, people need help to negotiate and adapt to change. The author goes on to argue that for change to take place, people have to be touched in the head and the heart; i.e., cognitively and emotionally.

To influence organizational change, managers have to influence the personal change since change happens on a personal basis and accordingly reflects on the collective organizational behavior. The author states that organizational psychologists perceive organizations as a collection of people, and as a result, base organizational change on individual change (de Vries, 2006). Therefor, in

order to influence the behavior of the organization, they dig deep into the behavior of the individual.

Change can be driven through two approaches. The first approach is a more gradual and subtle process, driven by incremental steps and a process defined by an evolutionary momentum. The second approach is a radical innovative approach, which is defined by revolutionary abrupt changes, where time is of the essence (Kotter, 2012).

In today's business world the radical business approach is the predominant approach as it deals with the need for immediate change. However, this approach is more prone to resistance by the individual employees (de Vries, 2006).

Stephan Rock (2013) in his book Management Guide to Navigating Change also addresses the challenge of introducing change at rapid speed. He notes that change that is implemented through rapid speed is most likely to face resistance from individual employees.

With the introduction of change, employees allocate their energy and time to understanding what is taking place in their new environment, worrying about their future and developing new skills and negotiating new processes. As a result, he asserts that productivity always drops at the point when change is introduced (Rock, 2013).

Rock indicates that because of the resistance from individuals there would be a

drop in productivity, which Rock plots on the productivity curve (Graph 1). Rock further argues that the goal of change management is to shift this impact on the Rock Productivity Curve to reduce the drop illustrated in the red curve (Rock, 2013).

The Productivity Curve (Graph 1):
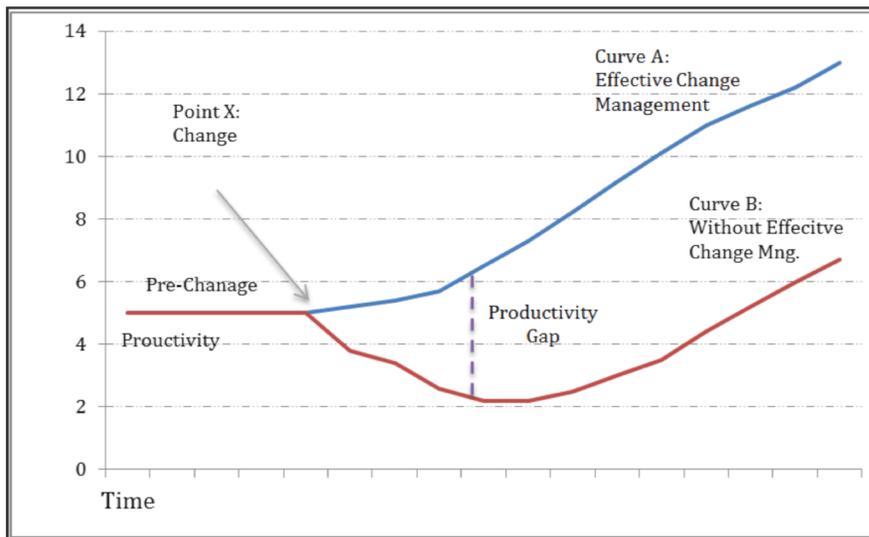
It is worth noting that Rock defines productivity by the output performance indicators such as revenue, operating, profit, units produced, hours sold along with other units of output measurement.

Rock considers productivity dip as the period when output declines and remains below the original level of output. He further discusses the importance of eliminating the productivity gap (Graph 1) and shifting productivity from outcome of curve B to outcome of curve A by increasing productivity from point X or when

change is introduced.

However, Rock falls short on elaborating on the risks and challenges leading to the fall in productivity and does not address these challenges.

How do organizations deal with Change?

The Employee's Experience:

Professor Manfred de Vries (2006) refers to the clinical perspective to identify the stages individuals go through when dealing with change and correlates the individual experiences to the organizational change process.

The author refers to the five C's of change and he categorizes them as concern, confrontation, clarification, crystallization & change.

1. Concern - surveys done on people just before going through major change indicate a high level of unpleasant emotions associated with anger, sadness & frustration. However, the author states that these negative emotions have a positive attribute; they bring to the awareness of the individual the consequences that are to result if change does not take place. Once these consequences are brought to the awareness level, an individual would starts reflecting on the change process and the available alternatives.

2. Confrontations - at this stage an individual starts accepting that change is inevitable. Yet he/she is not ready to adopt change. The author refers to a "focal event" that is needed and that would instigate individuals to engage

in change. Such an event usually involves someone important to the distressed person and the event highlights a problem that had been looming unaddressed for a long time. At this stage the emotional energy is no longer fixated on past but rather channeled to the present and the future.

3. Clarification - at this stage the individual would envision the change process and alternatives would have been resolved. The individual starts to share publically his/her intention to change. Since change is difficult, individuals need support in order to change and they would rely on others to assist them in the change process.

4. Crystallization – once the change process reaches this stage, the difficult challenges would have already been resolved and the ideas and plans associated with it would take form in the mind of the subject.

5. Change - the internalization of a new mindset and this is best defined by de Vries: "the only true sign that change has been archived is a new mindset. Inner transformation takes place only when a new way of looking at things has been internalized" (de Vries, 2006, p.143).

Professor de Vries correlates change to the "mourning" of a loss of a person. People who have to leave behind the old ways would go through a process of "mourning", as de Vries puts it: "grieving over what has been lost" (de Vries, 2006, p.147).

To successfully negotiate the process of transformation, individuals need to move through a number of stages:

1. Shock – the first reaction when individuals are informed of a drastic alteration to the old ways

2. Disbelief – individuals refuse to accept a new situation and rather reflect on the past.

3. Discarding – individuals move to identify that there is a problem and they need to address it. Individuals start reflecting on self and the situation to consider new ways and to accept that the old ways are over.

4. Realization / Acceptance – During this stage, individuals are no longer looking backward; they are focused on the current state and more on the future. The change process would start being accepted for the benefits it provides. Individuals associate with the new way of doing things and the new behavior becomes the norm. Accordingly, the individual's outlook is permanently changed.

Another known model of reaction to change is Elisabeth Kubler-Ross's model or what is known as the Stages of Grief and Change. The model defines five stages of grief (Rock, 2013). The model draws on how individuals deal with death and Rock correlates it to how employees deal with change. The model defines five stages: denial, anger, bargaining, depression and finally acceptance. These stages have distinct effects on productivity, as graph 2 shows.

Elisabeth Kubler-Ross model: The Stages of Grief and Change (Graph 2)
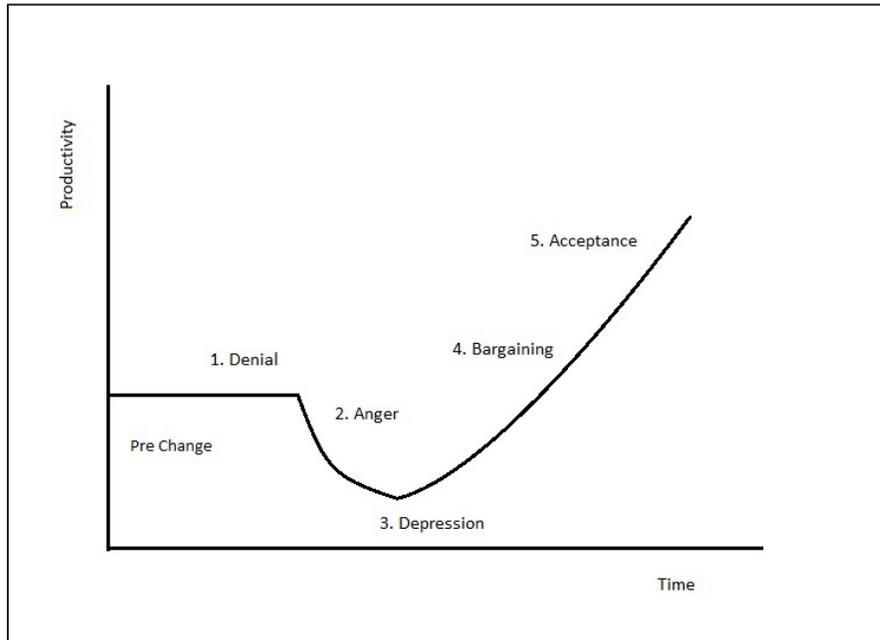
Rock does not stop at correlating the two; he moves to define what he calls the "Phases of Friction" (Table 1) at each Grief stage.

He highlights that often enough the hard topics are not easily recognizable and they loom below the surface as he puts it. He further clarifies that if we are able to define them, then we are able to look for them (Rock, 2013).

Table 1: Rock's Phases of Friction

Stages of Grief and Change	Phases of Friction
Denial	Passive resistance, if any
Anger	Most Resistance
	Shock and anger are prevalent
	Group Behaviors
Depression/Bargaining	Passive & active resistance
	Inconsistent progress both forward & backward
	Withdrawn people action primarily as individuals
	The "herding cats" period
Acceptance	Searching for solutions
	Willingness to act as a group & support each other

Change and Employee's Expectations:

Rock (2006) argues that the more managers are aware and aligned to what people in the organization are feeling and thinking the more effective managers are able to address resistance to change. After defining these issues, the author moves to describe the link between the Phases of Friction and how individuals deal with resistance through effective change management.

Rock describes change management as a combination of two components:

1. Effective planning
2. Strong leadership or what he refers to as the catalyst of change

The author goes to describe how a plan requires focused and strong leadership to implement. Moreover, he elaborates on how leaders interact with their team on a group level or individual level and how the decisions they make would determine how the change process is managed. Rock uses the Dealing with Resistance Table (Table 2) to define the issues that would come up at each stage

Table 2: Dealing with Resistance.

Denial	Anger	Depression/Bargaining	Acceptance
Confirm Understanding - require people to repeat back what they have heard	Get everything out in the open	Be patient but don't tolerate inactions	Allow difference in recovery time frames
Be specific with assignment	Be patient	Tolerate mistakes	Avoid relapse
Establish short timelines	Accept emotional display	Encourage small steps forward	Reinforce hopefulness and positive steps
Be alert - a reaction is coming	Be realisic with promises	Spend huge amount of time in one on one conversation	Focus on feedback and not success and failures

Creativity & Innovation:

In the literature reviews (Grant, 2012) I have found that creativity and innovation are essential for successful organizational change. While creativity is about coming up with good ideas, innovation is about executing the ideas

(Govindarajan, 2012).

Accordingly, when the literature refers to innovation, it is directly relating to the ability of executing the ideas.

Creativity is an essential aspect of change management. I refer to a book by Andres Grant & Giai Grant (2012) titled Who Killed Creativity? The book refers to research done involving over 20,000 managers. The research indicates that creativity and innovation were dying and no one knows why. The book goes on to explore the reasons why.

The book defines various murders, murder weapons and murder suspects that lead to the deal of creativity, as listed below (Grant, 2012):

1. Oppression stage: defined by the use of control and fear to limit open thinking. This is usually driven by a coalition of control crew that uses fear as the deterrent. Usually oppressive organizations are defined as bureaucratic driven by bullying leadership and characterized as fearful of taking risk.

2. Restriction - defined by the use of pressure and insulation to restrict ideas. These organizations are driven by a pressure pack that uses strangling stress. At this stage organizations are dealing with unrealistic expectations and team members are under high stress levels.

3. Degeneration – defined when growth is inhibited and the organization is driven by apathy. This stage is defined by lack of motivation and a lack of drive to produce.

4. Destruction - defined by mood of pessimism and the organization is driven by a narrow mindset. By this stage, the team has reached rock bottom with no hope of the future.

In addition to the psychological stages of mourning, Stephan Rock (2013) highlights the important of a question on every employee's mind when change is about to be introduced:

"How is the future different from today?" (Rock, 2013, p. 25)

This question is raised regardless of the circumstances or the organization or the employee.

Much of the literature (de Vries, 2006; Kotter, 2012; Rock, 2013) refers to the importance of answering this initial critical question at the early stage of the change process. Much of the work done focuses on removing the ambiguity associated with the prospects of change in order to reduce stress, thus setting change on the right track.

In the book Leading Change by John Kotter (2012), the author highlights that employees are not willing to make sacrifices even if they are not happy with their work unless they understand the potential impact of change.

Stephan Rock (2013) in Navigating Change defines three important questions that employees entertain in their inner theater:

1. Define what the future looks like as Rock puts it: "The first step in shaping

the future is to define what it looks like" (Rock, 2013, p. 26). Rock goes on to use corporate vision as the drawing canvas that would sketch the future. The sketch would address more specifically where the organization is heading and how it is different tomorrow from what it is today. The author states that to define the future, it is important to define the goals of the future.

2. Understanding the rationale for change. Here Rock highlights the importance of explaining the need for change. This Rock lists as coming second after communicating the vision. Explaining the rational for change is the bases for the arguing for change.

3. Understanding the approach for change, which relies on communicating the key activities that are needed to instigate change.

Further more, Rock highlights the importance of defining what the destination is that an organization is heading to. Employees involved in the change process would not get on the bus, as the author argues, if they were not told where the bus is going. With change comes short term scarifies against the long-term gains.

Along the same lines, Kotter (2012) argues that unless the vision is clearly defined to clarify what are the long-term benefits, employees involved in the change process would fall short in supporting the change journey.

Rock further argues is a less obvious reason when that the destination defines how the interaction and approach between the passengers and between the passenger and the drive is going to be (Rock, 2013). To address this point, organizations find it easy to define the activities that are required to reach the destination. These activities are aligned to SMART goals, or goals that are strategic, measurable, attainable, result oriented and time bound.

The literature (Rock, 2013) highlights the importance of vision in setting a path for an organization.

What is Vision?

Even when a vision is communicated, accepting visions of the future is often challenging to employees (Kotter, 2012). Inquisitive minds would come up with many questions. The clarity and relevance by which the early questions are addressed by the organization would determine how individuals in an organization would perceive the behavior towards the organization (Kahneman, 2012). This process is attributed to the halo effect or halo error, which is a cognitive bias in which one's judgments of a person's character can be influenced by one's overall impression of that person. In other words, if early on the organization is perceived in a positive manner, then employees will be likely to continue to perceive it positively in subsequent steps. It can be found in a range of situations from the courtroom to the classroom and in everyday interactions (Kahneman, 2013)

Rock (2013) argues that to assist in the process of interpreting the answers and

to direct this process to a positive interpretation, goals-setting has to be in line with visions. He argues that visions play critical functions to solidify the benefits of the future and successful organizations have evolving visions. At each stage of the organization's evolution, the organization should develop visions with clear goals and aspirations, which makes it clear to all what the organization is out to achieve.

To establish this clarity, the vision statement should be focused in scope. Once the vision is developed, the next step is to cascade it. John Kotter (2012) argues that it takes time and energy to cascade the vision effectively. If the vision is based on simplicity and clarity then the task of communicating the vision becomes easier to achieve (Kotter, 2012).

Kotter (2012) goes on to argue that many companies fall in the trap of communicating ineffective visions. Accordingly, the author argues that visions need to be focused enough to guide employees to set expectation regarding the anticipated actions.

Professor de Vries (2006) refers to vision as a "collective ambition" to what he describes as a picture depicting the future in a realistic way (de Vries, 2006, p.152).

Goals & Rewards

Vision has to be cascaded down the ranks, but vision alone is not sufficient without the goals that would unleash the vision's true purpose and power, vision

would only be a conceptual idea with no purpose (Rock, 2013).

What are Goals?

In the book Performance Management, Hall (2006) argues that to achieve effective goal settings, goals should be developed with the employees to get employees' commitment towards the change process and to give employees a sense of ownership of the goals. Once employees become involved in setting their own goals they are involved in the change process (Hall, 2006). Goals are then set to generate the highest level of enthusiasm and support from subordinates.

Hall (2006) elaborates to state that goals are changed and redefined and that it is critical to change the rewards that enforce the new set of goals. Rewards include anything that the employee values to include recognition, pay increase, bonus payment, promotions & perks. Rewards should be aligned with the desired practices and not just the outcome Change management's key initiative is to change behavior to influence outcome. Organizations should not lose focus of the outcome but should reward results and the behavior that contributed to the outcome. Many organizations focus on just rewarding the outcome. However, outcomes could be the result of positive economic conditions and favorable market cycles rather than employee's behavior. When conditions turn against the company the impact on output and results becomes dramatic. In such scenarios, the performance of the organization was not based on the new initiatives and systems were not in place. As such, reality sneaks in where results are not in line

with expectations (Hall, 2006).

All three authors, Kotter (2012), Hall (2006) and Rock (2006) emphasize the link between the visions or what we described as the destinations and the goal, and the need to set the stage prior to initiating the change process.

The literature (Grant, 2012) highlights the excessive use of managing by objective (MBO) or more specifically the misinterpretation of MBO. MBO is a process that defines organizational objective in order for management and employees agree on the objectives to understand what they need to do in the organization in order to achieve the objectives (Hall, 2006). Often the shortfall is in the application of the concept. Management sets the objectives before getting the buy-in and agreement from the employees and consequently loses the commitment and interest of employees, as objectives are not aligned. As a result, setting the goals fails due to the employees' lack of emotional commitment (Levinson, 2012).

Both authors, Kotter (2012) and de Vries (2006) emphasize the importance of emotional commitment in soliciting employees' commitment to the organizational goals.

However, in the process of setting goals mistakes can be made. The literature highlights three mistakes to avoid when setting goals (Luecke, 2012):

1. Fail to create performance matrix – a performance matrix needs to be set to provide objective measurement of the progress and achievement. Most

of the companies interviewed by Luecke had a performance matrix but did

no have a documented process to link the performance matrix with the

aligned goals.

2. Fail to align rewards with the goals – companies need a clear alignment of

rewards versus the goals achieved and as goals are ever changing, the

rewards need to be adjusted.

3. Targets are set too low – lowering the bar would reduce expectations and

the opposite is true. Raise the bar and stretch goals and employees would

get out of their comfort zone.

The Role of Stakeholders in the Change Process:

Rock (2013) gives high emphasis on stakeholders in the success and continuity

of change. Kotter (2012) also defines stakeholders and emphasizes their

importance stating that Corporate Stakeholders are critical for the success of the

change initiatives. Stakeholders are defined as: a person, group, organization,

member or systems individuals or groups that influence or affects or can be

affected by aneffect the organization's actions (Kotter, 2012).

The literature (Kotter, 2012) indicates that stakeholders influence the change

cycles and aligning with stakeholders is critical. Kotter (2012) defines that the

first step in stakeholder's alignment is to identifying who are the critical

stakeholders influencing the critical projects. Often enough, the list is long and

exhausting so it is important to prioritize the stakeholders to work effectively with

the relevant ones. By defining them and better understanding their goals, we are

able to effectively align them with our goals.

The critical stakeholders are the highly powerful individuals or groups who have influence over the critical projects being implemented. Their interest in the projects at hand and their support during the full life cycle of any critical project is very important. As long as goals are aligned, the more interested stakeholders are in the projects the more chances these projects are to succeed. To that effect, regular updates are critical with these stakeholders and clarity on project details and progress insures that any ambiguity is addressed and is set clear for the support to continue. However, it should be kept in mind that senior managers, i.e. stakeholder, are interested in the outcome rather than the process (Kotter, 2012). As such, it is critical to align the stakeholders to the projects driving the change process. This alignment insures the success of the project (Rock, 2013).

Consistent Sense of Urgency:

Along the same lines, Kotter (2012) focuses on the importance of consistently creating senses of urgency. The author argues that companies who are always implementing change are always driven by a sense of urgency to improve and implement. Intrinsically, they are vigilant about the status quo, with their functional leaders, their heads of department and their key decision makers always looking ahead.

Professor de Vries argues "who wants change when things are going well?" (de Vries, 2006, p.145). The author continues to state that he is not for "pain" as he relates to the anguish employees face. Yet he asserts that no leader should allow

his team to get too comfortable (de Vries, 2006)

Visible crises and the anticipation of changing market dynamics helps get people's attention to the challenges. By default this creates urgency for change. In the same lines, Rock (2013) also describes how it is always more difficult to initiate change in a successful organization than it is to initiate change in an organization facing crises. Kotter argues (2012) that waiting for the crisis is the wrong approach. Rather, the company has to have a sense of urgency before the crisis occurs, or in anticipation of crises.

In successful organizations, often there is no urgency for change. Individuals at many levels are not urged to take necessary steps to implement change. The analogy holds that patients facing the possibility of death are more willing to change their habits.

Organizations with a continuous sense of urgency do not wait for the crisis to occur. These organization carry restructuring at times they are doing record profits. Such organization focus on areas of weakness even when the success stories are plentiful. In these organizations the topics of discussion are always potential problems and potential opportunities and they are always setting challenging goals to break the status quo and to constantly create urgency (Kotter, 2012).

Professor de Vries asks the question: "who wants change when things are going well?" The author argues that organizational transformation needs "pain" to stimulate change (de Vries, 2006, p 144). In fact, having pain is critical in

developing urgency. The author goes on to define two sources of pain.

1. External factors that include threat from competitors, declining profits, drop
    in market share deregulation and technology demands among others.
2. Internal factors that include low morale, ineffective leadership, and high
    turnover, among others.

The author states that a leader should make sure that his team is never complacent and such pains should always be brought out in the open to drive the momentum for change.

John Kotter (2012) also touches on the subject of creating urgency for change. He states that organizations fueled by high level of urgency for change have two common denominators:

1. Internally critical of own performance regardless of their past success, and externally focused being aware of the dynamics of the environment. Internally, their measurement systems focuses on the right indexes measuring both the outcome and each stage of the process and are constantly criticizing the process and raising the bar at each stage. They are never taken by positive economic cycles and are aware that success is sometimes the outcome of the economic conditions and not good performance. They are always ready for economic downturns and are able to perform regardless of the conditions.

2. Externally focused while keeping an eye on the shifting dynamics off the

market and they are never caught off guard. These organizations are

regularly being updated at every level of the organization on the key

performance indicators of the market.

The following are two elements that Kotter (2012) refers to in identifying

organizations that are intrinsically self-critical and driven by sense of urgency to

explore and implement:

- In meetings, the discussions evolve around internal process, external

    dynamics and performance output.
- The discussions are honest and critical with little happy talk from the top.

The literature (Kotter, 2012) indicates that internal and external data are critical in

driving change. Internal data include the organization's key performance

indicators while the external data include market statistics. When measurement

criteria are set for internal and external factors and when the results are openly

shared in the organization, the momentum for change accelerates. Those

responsible for the outcome of these criteria are conscious about meeting

expectations of the group and failing to support the group is not an option.

The sense of urgency should be established just before the point of launching the

change initiatives in order to evolve through out the life of the organization and to

work in parallel to drive the momentum for change.

Change Momentum

Kotter (2012) states that in today's business environment, the decision-making process is becoming complex in many ways. Implementing change in organizations requires a multifaceted approach with focus on strategy, restructuring, downsizing, resource allocation, market development, and new products among other facets. Accordingly, the decisions being made are addressing more complex issues with deep emotional implications while the context they are being made in is uncertain, with limited scope of information in a more dynamic setting. The research (Kotter, 2012) shows this would require a complex decision making system and an advance implementation process.

Can one individual take a decision under such situations while projects and initiatives continue to be simultaneously driven?

Kotter (2012) argues that change momentum requires a cohesive team or what we will call a "guided coalition". But how are guided coalitions formed?

Denervaud & Chatin (2008) in their book DNA Profiling, state:

"Collaboration between different departments is considered to be one of a company's most important internal levers" (Denervaud & Chatin, 2008, p.76).

Kotter (2012) likens collaboration to a snowball that gains size and momentum as it rolls down the hill. With each roll, the ball will pick up more snow and gains more mass and momentum picking up even more snow as it rolls further and further down the slope, to the point where its momentum reaches a critical mass

and nothing would be able to hold stand in its way.

But where and how does the guided coalition and collaboration start?

Successful transformations are often initiated by a highly visible leader (Kotter, 2012). These leaders consciously trigger a snowball effect to insure that the critical mass that is needed to implement change is established.

For example, the literature (de Vries, 2006 & Kotter, 2012) argues that when one thinks of Apple one thinks of Steve Jobs, to think GE we think of Jack Welsh to think Virgin Atlantic we think Richard Branson. As Professor de Vries puts it (2006), these leaders were able to reframe their industry and go on the journey of radical change. Yet the Steve Jobs, Richard Bransons & Jack Welshes of the world would not have been able to lead transformations without a team of supporters who drove change. Jobs would not have been able to develop the right vision, cascade the vision down to the front lines, overcome obstacles, focus on the short & long term wins and manage a large scope of projects without the team of supporters. Organizations that can successfully implement dramatic change in rapid periods of times while adapting to a large spectrum of challenges are guided by a cohesive guiding coalition.

de Vries (2006) continues to show that the organization's critical players need to be supportive of the new vision depicting the future.

Kotter (2012) argues that coalitions are formed when there is alignment between members in three critical areas:

1. Members are leaders that have influence over key functions of the

organization, who have a large scope of expertise that covers the critical functions of that organization, who are relevant to the projects and initiatives and who influence others through their credibility.

2. Members are joined through common goals that are logical and clear and which appeal to their emotions and rally people around them.

3. High level of trust is shared and the flow of ideas and challenges are openly shared.

What fuels the guided coalition?

Stephan Rock (2013) highlights the importance of feeding the immediate gratification by short-term wins while embarking on the long-term journey. Rock clearly points out that short term wins are the fuel of the long term journey. Rock specifically states that organizations with an appetite for change are outcome oriented and are able to consider all the factors influencing long-term results. These organizations move from one win to the next in short intervals of time. They constantly get their appetite for change fulfilled through a series of quick wins linked to major wins at each stage of the change process. They celebrate winning the small battles and not the big war. In other words, they are never satisfied unless they have the next battle in sight.

Professor de Vries (2006) similarly attributes the organization-wide support to the change process as being driven by small wins. The author argues that these small wins convince individuals that the cost is worth the effort.

Anchoring Change

Change initiatives become the norm when they become rooted in the behavior of the organization (Kotter, 2012).

Kotter (2012) argues that this transformation has to take place in order for the organization to become fully adaptable to change initiatives. New initiatives become a passing phase if the consistent adaptability to changing new values and norms does not become part of the culture.

Professor de Vreis (2006) states: "the only true sign that change has been acquired is a new mindset. The inner transformation takes place only when a new way of looking and thinking has been materialized". (de Vries, 2006, p.143)

Kotter (2012) asks important questions about the process of anchoring change:

Which should be addressed first, cultural change or new initiatives? Do we try to change the culture of the organization in becoming more tolerant to change or do we start our change initiatives first?

Kotter (2012) recommends considering and understanding the existing culture, but not try to change culture first. Managers should start changing initiatives first, but do so in a culturally sensitive manner.

Organizational culture refers to the values and behavior norms that contribute to the uniqueness of the organizations and hold it together (business dictionary.com). Kotter (2012) argues that scrutinizing the organization's culture would be perceived as a threat to the fabric of the organization that keeps it together. The expected outcome to any early initiatives directed to challenge the

organizational culture would be to face significant resistance. Since culture is a set of values and behavior norms, challenging these factors is a very sensitive subject and it is best addressed at a later stage of the transformation process.

In conclusion Kotter (2012) argues that the better one understand the existing culture, the easier it becomes in selecting the implementable projects and the more successful it becomes to push projects forward and get them accepted.

When selecting change processes and initiatives, it is best to start with those practices that are compatible with the values and norms of the organization, gain momentum with short-term wins and then slowly and incrementally introduce practices that are not compatible with the culture. As short term wins gain momentum and re-enforce the practices being introduced, new practices start replacing old norms and values. This process becomes especially smoother when the tangible results start to consistently raise doubt on the old ways. People start experiencing the connections between the new practices and the performance improvement, and with time culture starts transforming to a new set of values and norms (Kotter, 2012).

Kotter (2012) argues that to set a direction to change the culture of an organization at the early stage of the change curve is not recommended. Changing the culture should be an incremental process to take place throughout the change process and to be fully anchored at a later stage of the change process.

Descriptions Of Research Setting

I became interested in the topic of productivity dip when I was recently recruited
to drive the transformation process of the Nissan & Infiniti dealer in the UAE, a
Champion Status Dealer ranked in the top ranks in global performance. My
objective was to change the organization structure and process to be more
efficient to drive the company to double-digit growth in a traditional and
competitive industry.

The pressure was huge, especially that the CEO had given me clear directives:
no missing of monthly sales target and the sustainability of profits.

What came into my mind: Can I implement change without affecting performance
on the short term? Accordingly, I was interested in developing my thesis on this
research question.

My thesis journey relied on qualitative research to explore behaviors, patterns
and themes. Meanwhile, the process led me through a self-discovery experience
since much of what was researched was relevant to my professional carrier.

In my qualitative research I started reading on the subject of change
management to gather a better understanding of the process of change
implementation. The source of my initial research was academic books. At this
stage I was able to identify patterns related to change processes to define stages

and elements related to the change process. The process I was following was based on Phenomenology approach so as to establish an understanding of patterns and repetitive themes.

From there I moved to the hermeneutic approach trying to identify and understand human actions and motivations. To develop my understanding at this stage I focused my research on:

1. Publication from Harvard Business Review and other University publications

2. A number of case studies on the failure & success of companies going through the process of change

3. Specialized books in the areas of motivation and creativity management.

At this stage the focus was on the risks that are inherited at each stage and each element of the change process and exploring an understanding of how to deal with such risks. All the risks are related to human motivation, emotions and commitment.

Further to developing my understand of the subject matter and developing my finding in my area of interest, I moved to the interview stage trying to understand if the short-term risks associated with the change elements can be mitigated. At this stage I conducted interviews with 15 executive managers who had gone through a change process lasting over six months and which included leading a team, managing results and dealing with stakeholders.

The lenses used to develop my understanding included:

1. Narrative Analysis – identifying common themes in the literature, case studies and interviews

2. Ground Theory – identifying concepts based on the observations made from the qualitative research

3. Case Studies – facilitating an exposure to actual cases full of experiences and insights

4. Action Research Projects – interaction with the interview subjects to share challenges and get insights

Data Gathering & Analysis

Based on the literature review and my findings from the case studies readings I also became interested in understanding the willingness of managers to take needed measures to address the risks associated with insuring change is adopted without having a drop in productivity at the point change initiatives are introduced.

The sample included 15 managers of whom 2 were women and 13 were men with 11 of the interviews being conduced over the phone and 4 of the interviews being conducted face to face.

The interviews started with a narration of my findings focusing on the change process and the challenges faced at each stage.

The questions that were asked followed the below sequence:

1. What is the vision of your organization?

2. How clearly does the vision describe the journey you are taking?

3. If it was not clear, can you influence the Vision of your department and keep it aligned with the vision of the group? (MoTQ)

4. How is the vision communicated ex. in every company presentation, documented in the offices, discussed internally during meetings? (MoTQ)

5. What are the strategic initiatives that are linked to the vision?

6. Are the goals of these initiatives SMART and if not, can you change them into SMART goals? (MoTQ)

7. Are the goals of these initiates cascaded and are linked to a measurement

matrix and which are linked to a performance contract, and if not can you change the process? (MoTQ)

8. Have you identified the stakeholders influencing your change initiatives?

9. Do you have aligned goals and if not can you manage them?

10. What is your organization KPI?

11. Have you been able to achieve them and when was the last time you had missed them? What happened? How was this different from the operating environment when you were achieving them? (MoTQ)

12. How do you create a sense of urgency and when? (MoTQ)

13. Are you able to sustain this the sense of urgency at times of high performance? (MoTQ)

14. Do you have time to reflect and if not would you be able to make the time?

15. Who drives change in your office, vision, goals, projects etc…?

16. What is the main difference between leaders and managers?

17. How and when would you use leaders? (MoTQ)

18. Since joining have been able to change the company culture?

19. What is the most effective way of influencing a culture, when and how? (MoTQ)

20. Have you been able to change your company culture?

MoTQ or Moment of Truth Question is questions that are critical in deriving conclusions from previous set of questions.

Findings & Discussions

The literature on the topic of change addresses the challenges associated with implementing change. It focuses on issues related to the period before and the period after change is introduced. However, the literature does not elaborate on these two periods to further develop them into multiple stages. For better clarity I will start by segmenting the process of change into six stages. This would allow for a more in depth exploration of the challenges and risks associated with change thus allowing us to mitigate the risks associated with each of the six stages.

I will use the below graphical illustration:

The 6 Stage Change Process: Graph 3
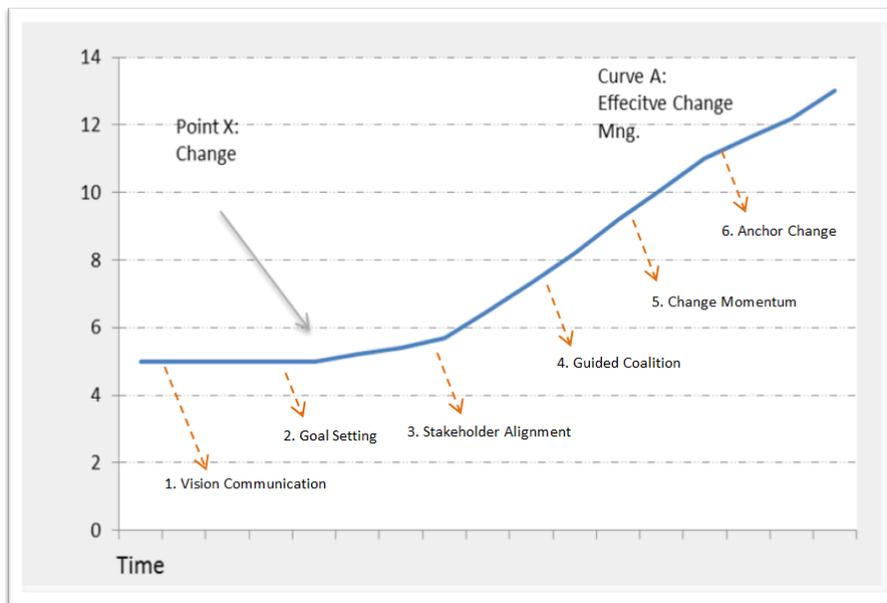
Graph 3 builds on the Rock Productivity Curve (2012) but aims to avoid the drop of productivity at point X or the point in which change is introduced.

The six stages of change:

1. Vision Setting & Communication

2. Goal Setting

3. Stakeholder Alignment

4. Guided Coalition

5. Sustaining Change Momentum

6. Anchor Change

The first two stages are set prior to the introduction of the change initiative and the remaining four stages are set post introduction of the change initiative. The flow of the change stages is sequential; it is critical not to skip any of the stages and it is vital not to change the sequence of the change process. The rationale behind this would be clarified in our later analysis. Though this sequence is critical to set the change process in the right path, it is nevertheless common to have an overlap in the stages or to come back to issues related to a stage after having moved on to a later stage. To illustrate, visions might change as we progress in time. Though we would have addressed the vision at the initial stage of the change process, we might come back to the vision issues at any time to redefine the vision and to address the risks or challenges associated with vision setting.

If we take Elisabeth Kubler-Ross's model: The Stages of Greif and Change (Graph 2) and overlap it to Rock's (2012) Productivity Curve (Graph 1) when there is a drop in productivity (identified by the red line), we can identify a clear correlation between the two graphs. Both show and initial drop in productivity immediately after change is initiated with a later recovery in productivity.

Elisabeth Kubler-Ross model: The Stages of Greif and Change (Graph 2)
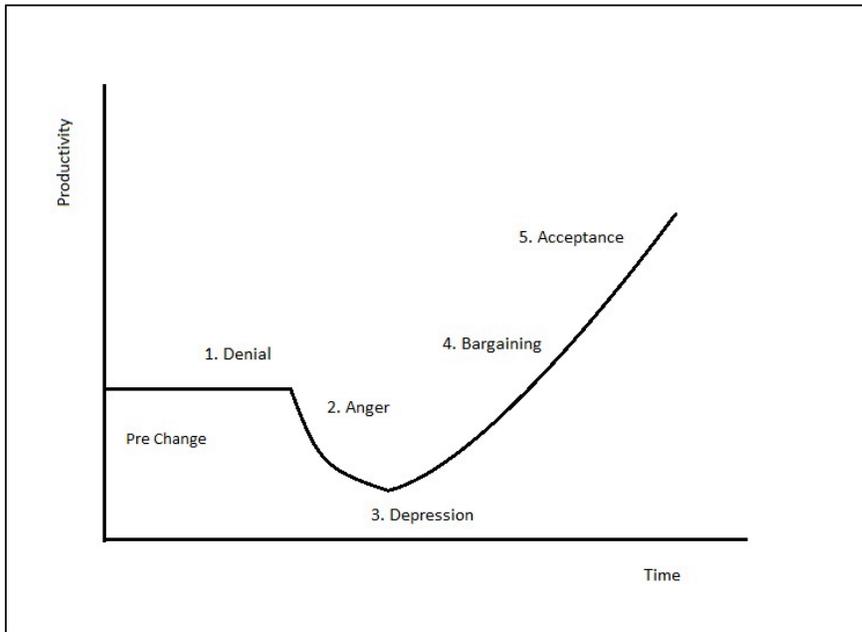
Rock's Productivity Curve (Graph 1)
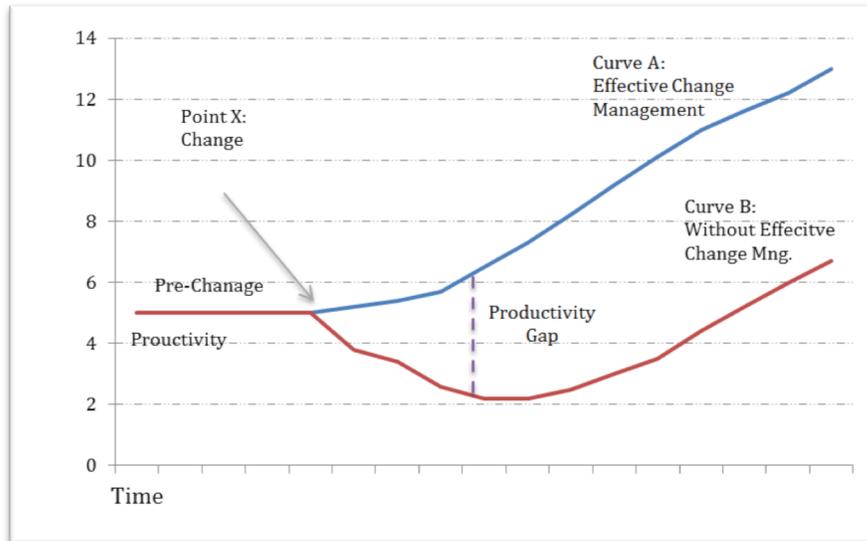
Here we are reminded of Professor de Vries statement that organizational
change is based on individual change as the behavior of the organization is
based on the collective behavior of its individuals (de Vries, 2006).

If we take each of the 6 stages of change that I have defined and link them to the
three cognitive models defined below, we are able to better understand the
behaviors of individuals and thus anticipate the risks associated with each stage
of the 6 stages of the change model.

1. Elisabeth Kubler-Ross model of Stages of Greif and Change (Rock, 2013)

2. de Vries 5 C's of change (de Vries, 2006)

3. de Vries mourning process (de Vries, 2006)

The starting point of our analysis is based on the individual employee's initial questions as the news of change echoes through the organization. What is on the mind of every employee at this early stage is what does the future look like? How is the future different from today?

At this point the process of change has been set in motions and the initial steps taken by the change agents would set the tone of the future. The actions and behaviors of the change actions would determine if the change process would succeed or fail. The foundation work is carried out prior to the launch of the change initiatives.

Here we fall back on to the three cognitive behavior models defined of above (de Vries, 2006 & Rock, 2013).

At the early stage and as employees reflect on the concept of change they experience many unpleasant emotions associated with anger, sadness, and frustration. Employees are not willing to let go of the old ways and their emotional energy is fixated on the past or the way we used to do thing (de Vries, 2006).

Employees are in the Denial Stage (Rock, 2013) and this stage is associated with passive resistance. Such challenges are best addressed through acknowledgement of the emotions and being aware that such reactions and coming and are a natural process of the Grief Stage (Rock, 2013).

The resistance escalates as time progresses to develop into anger and at this stage that the highest level of resistance to change is exhibited. de Vries (2006)

describes this second stage in the 5 C's of change as the Confrontation Stage. Shock and anger are frequently exhibited and such behaviors are observed as individuals as well as a group behavior (Rock, 2013). Individuals refuse to accept the new situation (de Vries, 2006).

To deal with such challenges, it is vital that change agents get everything out in the open and do not suppress employees in expressing and sharing their concern. Patience is a virtue and accepting emotional display is a must (Rock, 2013). At this stage, change agents are absorbing the shock of the employees and are not at the stage to take neither corrective action nor start the change process (Rock, 2013). A common shortfall of change agents is making promises they can't keep and this would jeopardize the relationship and the credibility of the change agents. Until this point of time, employees are living the past and are not willing to take into consideration what the future may hold for them with the new prospects of change (de Vries, 2006 & Rock, 2013).

As per Elisabeth Kubler-Ross's Grief and Change Model, employees reach the bottom of the emotional curve by reaching the depression stage. They exhibit very strong negative emotions. Yet, these negative emotions have positive attributes since they bring to the awareness of the employee the consequences that are to result if change does not take place. At this point in time, emotional energy is channeled for the first time to the future (de Vries, 2006). We can note that until this point, no interference from the change agent has taken place. The change agent is passive and is more of an observer allowing the flow of emotion to unfold and one has to accept emotional display to unfold (Rock, 2013).

In de Vries's (2006) five C's of change, the employees move to the Clarification Stage. This is the point by which employees start considering the future but this is not to say that they are not fixated on the past. Employees start the process of Bargaining as per the Stages of Grief and Change. This cognitive stage is associated with a switch between a process of passive and active resistance, which can be characterized with inconsistent progress between considering the future and being attached to the past (Rock, 2013).

It is at this point in time that the change agent makes the first initiative in the change process by setting the vision or more accurately defining what the future is going to look like.

1) Step 1: Developing and Communicating a Clear Vision

Communicating vision is critical in defining the future, when the organization fails in setting the right vision or falls short of communicating it clearly the impact can be catastrophic and the company can go on the wrong journey (Kotter, 2012 and Rock, 2013).

Mentor Graphics a Case Study:

Mentor Graphics Corporation exemplifies a company whose early vision had the employees rallying in a common direction thus fueling growth and leading the company to pioneer design automation. At a later stage, the company's new vision brought the company to brink of devastation. Gerard H. Langeler, a managing partner, had founded the company in 1980 with a group of friends, and

by 1990 the company had turned $400 million in sales and became the fifth most profitable and the eighteenth largest U.S. Company founded in the 1980s. However, all that ended in 1991 when the company reported it first losses and by the end of the following year the company had laid off 15% of the workforce (Langeler, 2012).

The initial visions propelled Mentor Graphics to great success. The vision that came afterwards led Mentor to a path of self-destruction. The initial vision had been "Build Something People Will Buy". Later on middle managers wanted to move ahead, they wanted a greater purpose, as Langeler put it "middle managers that came to me and asked for a new direction, a new sense of purpose—a new vision" (Langeler, 2012, p. 6). Senior managers fell in the trap and developed a sophisticated vision with an aspiring statement focusing on world dominance and fantastic growth.

Understanding what happened would help understand the risks. The mistake Mentor made was letting the middle management set the terms of the vision. Middle management fantasizes about their leaders taking them on inspirational journeys. Leaders start focusing on satisfying middle management fantasies instead of managing their expectations and focusing on the organization's core competences and market requirements.

It is very important to manage the vision and take hold of its description and purpose (Langeler, 2012). When early visions fuel growth, leaders should be conscious that the organization would eventually outgrow the vision. The

effectiveness of early visions does not necessary insure the effectiveness of new visions. Leaders fall into the trap of becoming more creative when narrating their new vision. It is important to keep in mind that people may want a vision with a five-year horizon. However, employees want and need a vision that would give them something to do today. The vision needs to be simple, practical, and linked the organization's realities. During my interviews with the managers, I identified a repeated theme where organizations where setting visions that had little relevance to the employees.

Communicating the wrong vision is one challenge (Kotter, 2012); the other challenge is falling short in communicating the vision (Kotter, 2012), which is the result of any of two factors:

1. Limited capabilities of the recipients, especially in industry, where the front line workers are low skilled labors.
2. Natural resistance to change

In the case of having a large amount of employees with limited capabilities, being conscious of the challenge opens the scope to different options that can address this (Grant, 2012). The use of words coupled with illustrations is needed to stimulate the imagination and to effectively illustrate the vision and consistent and reparative communication is important. The vision needs to be communicated at every opportunity in every company function and needs to be solidified with supporting actions. When interviewing managers on the process of communicating the vision, I noticed that managers do not give enough emphasis

on communicating the vision. The vision is part of the business plan rather and the understanding of the importance of the vision in relationship to the change process was often lacking.

In the case of the natural resistance to change, communicating the vision is easy, establishing credibility is difficult. As I have noted, accepting the vision of the future is an emotional as well as an intellectual acceptance. The mind generates many questions and the questions are influenced with the early communication that is broadcasted. It is crucial that the vision is not blurry since the interpretation of the vision would support whatever negative assumption has been made of the process. As was seen in the Halo effect, people would make interpretations to solidify their earlier assumptions. The Halo effect dictates that losing credibility at an early stage is one of the biggest mistakes managers fall into. Managers fail to back up their communicated vision with actions, as was the case with Mentor when their vision was detached from reality. On the contrary, the behavior of managers can be contradictory to the vision and accordingly, managers would lose the trust of the employees, and employees to support their earlier hypothesis about the legitimacy of the vision would question the legitimacy and effectiveness of the change initiatives. Managers should consciously align the actions with the communicated vision. My interviews showed that managers are not focused on emphasizing this alignment and when they do, they fall short of communicating the link. The importance and role of vision in the change process was down played by most the interviewed managers. They clear lack the understanding and appreciation of the importance of the vision on the change

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process. As one of the managers put it, "Vision is part of the annual business plan template".

By the time setting the vision has been successfully completed and communicating the vision had cascaded across the organization, the employees would have moved to the Clarification Stage, the third stage of the de Vries (2006) 5 C's of Change. At this point, employees would have envisioned the change process and employees would have started to share publically their aspirations of the future. The majority of the emotional energy would not be engaged in the future and what the future holds. There is heavy reliance between employees to assist one another in negotiating change (de Vries, 2006).

At this point in time, change agents would move to the Second Stage of the Change Process by aligning and setting goals. Once again here the change projects are yet to be initiated.

2) Step 2: Developing Common Goals

Common goals can be very powerful in getting people to cooperate. When implementing change, we often fail in carrying the right evolution process of the common goals. The identification of common goals needs to be established within the team.

A common risk is the process of managing by objective (MBO) or better or more specifically the misinterpretation of MBO. MBO a system that defines

organization objectives in order for managers and employees to align on the objectives to understand what they need to do in order to achieve the set objectives (Hall, 2006). Often the shortfall is in the application of the concept. Management sets the objectives without agreeing and getting the buy-in of the employees thus losing the commitment and interest of employees, as objectives are not aligned. As a result, setting the goals fails due to the employee's lack of emotional commitment (Levinson, 2012). Without the employees' emotional buy-in, a change of habits cannot be established. All of the managers I interviewed had indicated that in their organization key performance indicators or KPI are linked to the end results. All of the managers showed high interest in the process, but had failed to link the process to the KPI and to the incentive pay. Most had the compensation scheme mainly focused on the final results, profit, stock turn, cost control, and hours billed or units sold. Most of the managers had indicated that they had high control over the design of the performance pay.

Goals need to be negotiated with employees to give employees the ownership of the goals. But how can this be accomplished?

1. Making it clear to employees that the contribution he/she has on the vision of the company
2. Aligning the goals with the personal aspiration of the employee
3. Insuring that employee compensation is linked to the goals

Moreover, the goals need to be shared and without such clarity, each manager would take his/her department into a different journey. So goal-setting should be

cascaded from the top division by the company's vision and linked to the company's strategy. Most of the managers interviewed showed a high level of importance of sharing goals.

The process of linkages starts from the senior managers that cascade it to the departments or divisions and accordingly it is cascaded to the individual levels (Luecke, 2012). Such goals would become quite effective in aligning every employee to the visions of the company where the focus and energy of the employee is on the same common goals or the goals that contribute to the higher objectives.

Three mistakes to avoid (Luecke, 2012)

1. Fail to create performance matrix – a performance matrix needs to be set to provide objective measurement to the progress and achievement. Most of the companies I interviewed had a performance matrix but did not have a documented process to link the performance matrix with the aligned goals.

2. Fail to align rewards – need a clear alignment of rewards versus the goals achieved and as goals are ever changing, the rewards need to be adjusted. None of the managers interviewed showed rigidity here and all showed flexibility to goal realignment with compensation.

3. Targets are set too low – lowering the bar would reduce expectations and the opposite is true. Raise the bar and stretch goals and employees would get out of their comfort zone.

Having set and communicated the vision and aligned the goals, the stakeholders can now move to initiate change by launching the change projects and initiatives. At this point, the organization has reached the forth stage, the Crystallization Stage in de Vries (2006) 5 C's change model. At this stage the difficult challenges would have been addressed. The ideas and projects would have been aligned. This is when employees reach the Rationalization Level and the change process is accepted for the benefits it provides (de Vries, 2006) and some of the new way of doing things starts becoming the norm. As per the Elisabeth Kubler-Ross Stages of Grief and Change (Rock, 2013), this corresponds to the Anger in the Elisabeth Kubler-Ross Model.   The search for solutions is the focus on the group that start working together in a homogenous unity.

It is vital to insure that no degeneration of the old ways takes place; therefore, avoiding relapse is the focus of the next four stages and is the theme of our focus. It is critical that the focus is on feedback and not on success and failure (Rock, 2013).

 3) Step 3: Stakeholders Management

Stakeholders are key players in the process of change. However, based on the experience of the mangers I interviewed, it was clear that alignment between the stakeholders' goals and the organization's goals are one of the most difficult challenges and a critical factor to the change process. The manager interviews

produced two recurrent challenges that were often seen here. One challenge was where the stakeholders' goals were aligned with the organization's goals but not with the time frame of the change process. The second challenge was where the critical stakeholders are not supporters to the projects and their goals are not aligned with the organization's interests.

The first step is to clearly define who the stakeholders are and define their influence on the change process, whether positive or negative. Their goals verses the organization's goal are a critical aspect of the their support levels and the relationship is directly correlated. Stakeholders' commitment to change is often critical in getting the needed support, concessions and resources needed to move the process forward.

The first challenge is faced with stakeholders that have their goals aligned with the organization but not with the time horizon of the projects involved in the change process. The process has a long life span where the results take time to materialize. Stakeholders are often not interested in the process, but they are more interested in the immediate outcome and the results. They are often hungry to see the fruits of their support and efforts, that they eventually become frustrated and question their own efforts and start withdrawing their support which ends up with a self fulfilling prophesy, where failure is inevitable and alignment of goals is worthless.

Mitigating against such risks, managers need to engage in multiple projects, with enough projects having a short term horizon to satisfy the appetites and where

the wins from these projects fuel the anticipation momentum for the long term results. It is important here to manage the expectations of the stakeholders by clearly defining the time horizon of short term and long term projects while setting milestones for each. The milestones of short-term horizon projects are tangible results. The milestones of long-term horizon projects are tangible achievements.

The second challenge is having stakeholders that are critical to the change process, and that are not supporters to the projects at hand and whose goals are not aligned to the organization's interests.

This group of stakeholders is the powerful people who are not interested in the change elements and fall short in supporting the critical projects. They are critical factors in the success of the change process.

Having established where your key stakeholders stand in relation to the project, you can start to influence their attitudes. The aim is to watch people over time, and help them move towards a positive way of thinking: ways that will help you achieve your aims. Keep a close eye on people, as their opinions will swing between positive and negative over the life of a project. A one-off analysis exercise is never enough, one has to continually monitor how people are reacting and manage accordingly.

Evaluating and understanding the position of the stakeholders towards the project can start to help influence their attitude and their position. The two main factors influencing a stakeholder's position towards a project is either alignment of goals or organizational cultural position towards the innovative impact on the

projects. Keeping an open channel of communication and positioning the project to cater for these needs are the best means of influencing the stakeholders.

4) Consistent sense of urgency

When sales are dropping, revenues are declining, margins are being squeezed and profit reporting is on the decline, crises would resonate across an organization. The CFO would be sounding the alarm bells, the COO would be scrambling to increase sales and the CEO would be on the helm tracking the progress and managing the stakeholders. A visible crisis raises the awareness level and increases the urgency for change.

However, the challenge is in initiating urgency when a company is achieving the set goals and objectives (Kotter, 2012). Any talk of change is often dismissed at this stage by the organization. Though the urgency for change is not on anyone's radar, the organization's need for urgency is at its highest at such times. Implementing change at times of peak performance is critical in sustaining healthy income statement (de Vries, 2006). However, the challenge in creating urgency is at times when results are being achieved (Kotter, 2012). A ship sets course and heads to its destination, progressing smoothly on time, as the storm brews in the distance, the crew are often too occupied with the current favorable conditions they turn a blind an eye to what is brewing in the distance or what is called lead indicators, a drop in temperature or a buildup of clouds in the horizon. They keep on sailing with the same sails and without closing the hatches and

tightening the cargo, they are oblivious to what is waiting for them. By the time

the ship hits the storm, though the urgency level at that point would be escalated,

any corrective action taken would have been more effective had it been taken

when the conditions where predictable. The problem is that when crises happen,

they drain the organization's resources and they give manages less

maneuverability (Kotter, 2012).

Results from the managers' interviews highlighted that at times of crisis or high

risk we often see oppression or the use of control and fear to drive results is the

system by which some unit manager drive team. As a byproduct of such an

approach, creativity among the team is suppressed and innovation is killed

(Grant, 2012). Team members have worked for prolonged period of time under

suppression and often their ability to think creatively and freely are suppressed.

> To identify suppressive bosses, we observe the following characteristics in
> them (Grant, 2012):
>
> 1. Histrionic personality disorder observed in superficial charm, insincerity
>   & egocentrics.
>
> 2. Narcissistic personality disorder identified through lack of empathy and
>   individualism at the expense of others with signs of poor anger
>   management.
>
> 3. Obsessive personality with recognized through their excessive disorder
>   to wor, rigidity and dictatorial tendency and lack of reality check.

To demand a shift in paradigm can lead to stress and confusion by the surprised

boss. The dominant psychological condition of the subordinates is characterized

by fear, anxiety, anger & helplessness.

In this scenario the element that is inflicted harm on the will of the team needs to be eliminated. The destructive manager is under pressure to deliver results, changing the behavior of the manager is a time consuming element and often too risky where a change in the behavior is questionable, behaviors take time to change. Changing the bullying manager is critical in such a scenario and should be done without hesitation. A new manager needs to be assigned. It is critical that this person does not adopt the style of his/her predecessor and he/she facilitates an environment of creativity.

Pressure

With the high pressure on deliverables, the manager's attention drifts to the immediate present, while the focus shifts away from the future, turning all the mental and physical energy to survival mode. With pressure came stress and with stress comes different types of disorder.

With all the discomfort of the situation, there is always an element of addiction to pressure. Working under pressure creates a euphoric state with many workers. With physical pressure, endorphins are stimulated creating a euphoric feeling used to escape from the realities (Grant, 2012). The rush to get things done, and often this rush unintentionally becomes addictive. In a lab experiment, rats were given a rewarding stimulus, an orgasm, each time they pressed a lever. The rats became addicted to the psychological stimulus that they forgot their physical needs and eventually the rats died from starvations. The employees get stuck in

a spiral loop focusing on here and how and drifting away from attending to the future. All their energy is channeled toward here and now and is disassociated with the future. They are so addicted to the high from the pressure they unconsciously lose the reflective focus needed to creative space (Grant, 2012).

This loss of focus is driven by their drive to address their basic needs. Based on Maslow's hierarchy of needs (Rock, 13), basic needs have to be met before an individual can more to self actualization. Self-actualization or the reflective state can be reached when one can afford to over look the daily pressures.

Another associated risk is multitasking linked with low attention span. In today's world we are being exposed to multi-stimulus. If we are taken with the high switching frequency, our engagement abilities are eroded and our exposure to full engagement in the future is again reduced. We are so taken by responding, we fail to take the time to reflect. This can be observed in individuals who suffer from Infomania or the addiction to email & texting and more specifically driven to constantly look at their smart phones to immediately respond to any email (Grant, 2012).

The described behaviors are the result of a company culture. Habits need to be changed to stop the spiral; creative space needs to be taken. To demand it from the team would not work. This would only lead to distress and disassociation with what the team leader is trying to do. To start off, time is needed for creativity and innovation, and this can be successfully gained through team retreats. The frequency of these retreats needs to be high. The retreats would be short in

duration, one day where the teams meet off site once every month to discuss future plans and current challenges. During those meeting creative space need to be given and the emotions need to be defused and long term plans are discussed and immediate challenged are resolved.

Individuals need to feel in control to engage in productive behaviors. Achieving results fuels the feeling of being in control and the more results are achieved, the more control the employee feels. Short-term wins contribute to this and we will further elaborate on this point in the next section of the paper.

Sustaining energy when goals are being achieved

The mechanism to achieve this:

1. Orchestrate a Crisis: regaining the sense of urgency is by the manager orchestrating crises at times when financial are in line with expectations is challenging but achievable.

The focus of performance indicators would be shifted from lag indicators or what are seen as measurements measuring outcomes to lead indicators or measurements determining the forecasted outcome. Some managers use external environments as a lead indicator, including economic indices, competition strategy, technological shifts and industrial dynamics. Usually changes in the external environment lead to changes in the performance of companies.

2. Raise the bar on the internal performance indicators to raise revenue and profit targets, stretch customer satisfaction goals, and shorten turnaround time of

projects and initiatives so that the level at which the bar is raised cannot be reached by conducting business as usual (Kotter, 2012).

3. Incorporate the new targets into management reports to set the new expectations and insure that these reports cascade throughout the organization. More lead indicators data along with the new set of stretched goals would be communicated through the organization.

4. Hold people accountable for the initiatives and projects taken based on milestones achievement and not reward people based exclusively on final results. The final results can be the outcome of favorable economic conditions. Inline, reward employees for achieving the stretched targets over what they would have been rewarded for having achieved the old targets (Hall, 2006).

Most of the mangers interviewed when asked if they would raise the bar when targets are consistently being achieved, had indicated the ability and willingness to do so but all but two failed to link raising the bar with creating a sense of urgency.

5) Momentum of Change

One person can initiate change but one person, regardless to his/her skill level, cannot sustain change. To set the vision, align goals, manage stakeholders, maintain a sense of urgency and successfully manage projects, a powerful force is needed to keep the process rolling (Kotter, 2012). This force can only come

from a guided coalition of highly motivated, focused and self-driven group of individuals, but even when such groups exist, the risks factors are great.

A common risks factor is when the guided coalition is comprised of good managers while lacking good leaders. Successful organizations are fertile grounds for good managers, since these organizations are driven by control stemming from a strong commitment to past and old the ways, with lack of tolerance to creativity that leaders bring to the table (Kotter, 2012). Leadership is focused on the emotional stability and a sustainable group emotional equity through driving the vision, empower people and setting a direction for change. The lack of leaders results in low emotional equity or what fuel's the group's momentum.

A second type of risk we need to avoid addresses the profile of managers. Two types of destructive profiles of leaders should be avoided.

The first is the manager driven by high ego and who has the capacity to over shadow the contribution of the group and disrupt moral (Grant, 2012), the second type of manager is the political corporate climbers that create mistrust and destroy morals (Grant, 2012).

This is best illustrated in the movie *Avatar* where arrogant and ill willed humans invade the planet Avatar that is inhabited by a spiritual tribe, the Na'vi. When a human, Jack Sally, is sent to negotiate with Tsahik, the Na'vi's spiritual leader, Tsahik makes an echoing statement: "It is hard to fill a cup that is already full". The statement illustrates the importance of creating space in our minds for new

ideas to ferment and for tolerance to subside, without these two factors the group's ability to tolerate one another and to share ideas is destined to fail and the momentum of the guided coalition to drive change is killed.

Three alternatives are available to address such a risks:

1. New blood with leadership qualities is injected into the group
2. Promote members from within the group with leadership qualities
3. Ask members of the group who are negative influences to leave the guided qualities. This is often difficult, but no compromises are to be made. These members can either be asked to retire or moved to none critical rolls outside the scope of the coalition driving change.

The surprising finding from the managers' interviews was not the lack of appreciation of the leader's important role in the change process but rather the lack of understudying of that role.

de Vries's (2006) fifth and final stage in the 5 C's is Change. He defines this as the internalization of new mindsets or an inner transformation when a new way of looking at things has been internalized. We have called this stage Anchoring Change.

6) Anchoring change in the organization

The managers' interviews highlighted a consistent theme her: The biggest challenge in sustaining change is the influence of the old culture on the new way of doing business. If the new way of doing business is to be sustained and the

influence of the old way is to be diffused, a new company culture needs to be set to support the new direction. The generic mistake made by change agents is to start the change process by trying to influence the culture before they implement the new order. Changing the culture first, always fails (Kotter, 2012).

The first step should not be to change the existing culture, but rather to understand it. Once change agents understand the complexity of the old culture, they can consider how and which change initiatives can develop a new culture (Rock, 2013). Individual behavior norms can only be changed when the results from the new way of doing things are reinforced with the outcome improvements. A new culture is embedded after the new behaviors produce repeatedly over time new benefits thus enforcing the new ways. We can only expect to change the culture at the end of the change cycle and not at the start. At the end when the new way of doing things has been repeatedly reinforced with many success stories and the critical questions that rose in the minds of people on the outcome of change have been answered.

Declaring victory too soon is another impediment to changing the culture and sustaining the adaptability to change. Many change agents become intoxicated with the fumes of success. After a series of short term wins where goals are achieved and projects are completed based on the short time horizons, the risk is that managers might think that new initiatives and future projects would have the same glorious fate, only to be surprised with the fatal outcome. Unless the new approaches are filtered in the way the organization's norms and values, the new way of doing business is fragile and is not sustainable.

When managers were asked when a change of culture was introduced and how they see it brought about their organization, the common answer was that the change of culture is introduced before the introduction of the change initiatives, no clear answer was given on how the change of culture was borough about. It was observed that not much thought was given to this subject by any of interviewed subjects.

Future Research:

This paper identified the challenges and risks associated with each stage of the change process to assess the willingness and ability of managers to address the risks in order to conclude if risks can be address by the managers to prevent a drop in the productivity curve.

Further research can contribute in addressing ways to manage the challenges and risks by proposing alternative solutions in the case the managers were not willing or unable to address these risks.

In addition, as we had seen that sequential movement from one element to the next was critical in the success of the change process, future research may focus on each of the identified 6 elements of change and develop a further understanding of the relationship between the elements and their interactive dynamics.

Conclusion:

Managers have to face some harsh realities when initiating change. They have to face the realities of established routines, disputed priorities and limited imaginations. It is difficult changing habits that were established over time while getting organization to accept and adopt new ones (Rock, 2013). With the introduction of change, employees spend their mental energy reflecting on the future and focusing on the present instead of placing their energy developing their skill levels and acquiring new work habits.

As a result of these dynamics, productivity often drops when change initiatives are initially introduced. To prevent such a drop, managers need to address critical challenges prior to the to the introduction of change. Vision needs to be effectively communicated, goals need to be efficiently aligned and stakeholders need to be vigorously managed.

Based on our case studies and interviews, the challenge at these three stages is linked to the mindfulness and awareness of the managers in their understanding of the importance to effectively address these elements. In most cases the challenge is not the actual risks associated with these elements, as the risks are minimal and manageable, but rather how these risks are managed.

Since organizations consist of individuals, managing an organization necessitates management of individuals. As such, this thesis drew on psychological research to identify the human responses that slow down the change process and how to address those human responses in order to ensure

successful change. Each stage of change was associated with unique human responses, and these responses were addressed through individualized strategies.

Complacency is a risk we had identified as having a devastating effect on the successful implementation of change. The managers that were interviewed did not admit to having a relaxed attitude towards urgency at times when there were no crises. However, these managers did not exhibit an appreciation for the importance of orchestrated urgency. Accordingly, the challenge is to mitigating the risks by creating urgency. Another challenge is in having managers becoming aware of the importance of orchestrating crises to keep the team focused on the tasks at hand.

Moreover, momentum for change can only come from a guided coalition orchestrated by leaders focus on a common goal. The managers that were interviewed exhibited the ability to manage their teams profile and select who would accompany them on the journey of change, while many-showed appreciation to having leaders and not managers in the guided coalition. Yet, most of the managers lacked the understanding of the role of leaders in the guided coalition.

Our case studies and interviews showed that anchoring change in an organization often falls into a generic trap. Managers seem to be unaware of how to influence their organization's culture. Managers perceive that to influence culture communication rather than actions is the key ingredient. The lack of

understanding of a behavior's impact on influencing culture was the common theme in both of our research and interviews.

This thesis indicates that the challenge is in the awareness and mindfulness of mangers in understanding and appreciating the elements and risks that need to be addressed at each stage of the change process, along with insuring the willingness of managers to address these risks.

The true challenge in successfully implementing change and eliminating the drop in productivity is the result of careful planning with accurate anticipation of the risks at each of the stages of the change process. The drop in productivity is the direct result of the lack of understanding of these elements and risks. Managers are often being exposed to the challenges and risks and they have to react under stressful condition, while much of the resources are being allocated to rectify the situation. Had the managers taken proper planning, these risks would have been prevented and the challenges would have been controlled. In other words, the drop in productivity is the result of lack of understanding of the change processes rather than the inability of managers in handling the risks.

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