

Why Corporate Change Comes Hard

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Preston G. Smith founded New Product Dynamics in 1986 to bring rapid-development expertise to a variety of companies as an independent consultant. Smith has over 25 years of industrial experience with IBM, AT&T, GM, and Pratt & Whitney Aircraft, where he was charged with accelerating the development of products as diverse as door locks and electronic assembly equipment. He holds an engineering doctorate from Stanford. Smith co-authored *Developing Products in Half the Time* (Van Nostrand Reinhold, 1991), which has sold more than 30,000 copies.

Everybody knows change is a prerequisite for corporate survival, yet the corporate immune system actively resists it, according to Preston Smith.

Design News: Why can't corporations change internally if the activities of outside world around it can change so quickly?

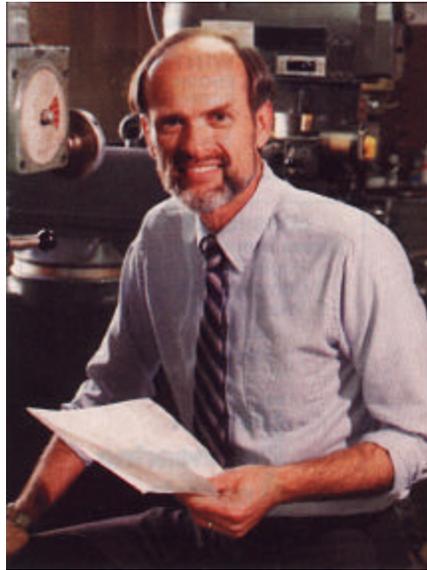
Smith: Contrary to popular impression, change isn't inhibited by inertia. Rather, resistance occurs when poorly designed or implemented programs activate internal forces that work to derail change efforts—the corporate immune system, we might call it.

Q: Can you relate any derailment scenarios you have encountered that illustrate this point?

A: A dozen such stories can be drawn from personal experience. Although most pertain to the product-development process, they have a general message.

Q: What kind of approaches are you taking about?

A: I refer to one as top-down approach. Some say change must be led by the CEO, but many change programs fail because employees feel that management doesn't really understand the problem. A better approach is for the CEO to repeatedly describe the problem as he or she sees it to employees before designing the change. Then, the CEO needs to listen carefully



for responses. Management should then get interested employees involved in designing the program from its initial stages.

Q: Doesn't this also apply from the bottom up?

A: It can. Often bosses send lower-level managers to our workshops expecting a simple technical fix. But these managers badly misjudge the organizational changes needed to help people work together more effectively to implement such techniques. Because the change process has been underestimated and delegated to too low a level, it quickly loses momentum.

Q: Isn't this the role of proper organizational preparation?

A: It should be. Many companies start change programs with a broad but detailed indoctrination to build support and understanding among employees. This, minimizes the risk of failure initially, simply because there is nothing to fail at during this time period. Ultimately, however, the program fizzles out for lack of long term enthusiasm or takes a long time to complete. It is far faster, more effective, and less risky to start with a small program, strive for success with it, then build on the enthusiasm it generates and the lessons learned before attempting to expand its role.

Q: What part must training play in the corporate change strategy?

A: For people to operate in new ways, they often need training in the new skills involved. Some companies recognize this and train people on a widespread basis in anticipation of their new responsibilities. However, because the training is done in a concentrated time period, it is quite perishable. When people are thrust into their new roles a few months later, they have forgotten what they learned. The solution is to offer training just before it will be needed, or even after a person has had a chance to struggle a bit in the new role assigned to him or her.

Q: Isn't there a broad spectrum of readiness among employees when it comes to corporate change?

A: Some people are ripe for change and will try a new approach with little incentive; some will follow these leaders; and a few holdouts will convert only when they see that their career will be in jeopardy if they don't. Management's job is to identify the easy converts and start with them, then work with the middle group, letting the tide of change influence those who continue to be holdouts.

‘Even the best-designed programs will find resistance along the way.’

Q: Where do you assign empowerment in a corporate overhaul?

A: The bosses, who account for a considerable portion of the expertise and political power in organizations, rightly wonder where they fit in as their employees are empowered. A major part of any program involving empowerment must be to redesign these jobs and reeducate the incumbents. Basically, the management style must change from directing to coaching. Managers' titles should change, too. For example, retaining the title of "director" for these people sends a mixed message when you are helping them on their new role to become coaches.

Q: Are there any benefits for companies when employees resist change within the corporate structure?

A: There can be. Even the best-designed program will encounter resistance along the way. Resistance requires energy. It shows that employees are not merely apathetic to management's goals. Management's challenge is to find ways to rechannel the energy that's siphoned off by the corporate immune system, so that it flows toward more productive ends. □