NATURAL RESOURCES
AND ENVIRONMENT
M UNIVERSITY OF MICHIGAN

NRE 501. 295
Managing Organizational Change
WINTER B 2006

Syllabus

Class Meets: Professor Andrew Hoffman
Tuesday and Thursday, 3:00 – 5:00 p.m.   Office #1: Room 3508, Dana
Winter term, second half (2 credits)   Office #2: Room W7718, Ross
March 6 through April 18   Phone: 734-763-9455
Room 2024   Email: ajhoff@umich.edu
13 sessions   Web: http://webuser.bus.umich.edu/ajhoff/
                                                  Office hours: Friday 2-5 in Dana, sign up on door.

Course Overview

Whether you area scientist, analyst, or administrator; whether you work in government, a non-profit or a for-profit corporation, you will have to work within an organization in order to accomplish your goals. And as you advance in your career, and assume greater responsibilities, you will need to be able to manage the people who work for you as well as your peers and your superiors; and an increasingly important component of management is the planning and control of organizational and behavioral change. Organizational change may be required by innovations in technology, materials, work processes, and organizational structures; new and shifting market forces; work force values, demands, and diversity; or regulatory and ethical constraints from the various communities in which an organization participates. But, while the necessity for change may seem obvious, methods for managing it are elusive. This course will focus on theory, research and practice of both "planned" and "unplanned" change, with emphasis on the development of change techniques in terms of procedural and mental frameworks with which to diagnose, implement and evaluate organizational change processes.

One's effectiveness as a manager or team member requires a variety of skills in managing change and the conflict that generally arises with it. Individuals within groups and organizations need to be able to create conditions in which people take the personal risks necessary to respond to change, to engage in task-enhancing conflicts, and to build new capacities. They must be able to craft coalitions to support innovation proposals in the face of foreseeable resistance and to buffer themselves from conflict inherent in the complex organizational arrangements that are now being implemented.

Managing change and its attendant conflicts entails a variety of skills — some conceptual and diagnostic, others strategic, political and interpersonal. Toward this end our work together is aimed at the following objectives:

1. To develop an understanding of the complexity and dynamics of change in complex organizations. The objective here is to identify the different variables (technology, social structure, interpersonal relations, external demands) and their interrelationships that create or impede change.
2. To discuss and evaluate different change techniques.
3. To examine the implications of change for the manager's own behavior and career.
4. To provide techniques for recognition and response to change opportunities and efforts.

Class Format

The course will meet twelve times during the winter term. It will rely heavily on in-class discussion and team activity. Classes are structured to encourage involvement. We will use a variety of resources to stimulate discussion, including cases, experiential exercises, and videos. We will apply relevant concepts to understand the cases and other examples, and to generalize beyond the classroom. You will be asked to reflect on challenges you may encounter in your work settings as well as those that are prominent within the contemporary news. In addition to preparing assigned readings and cases, I expect you to come to class each week having drawn connections between the previous week's discussion, challenges you have or may experience in your life, and the current week's assignments. You may find it useful to keep a journal of reflections on personally relevant lessons from class discussions and your insights into past and current experiences.

Our initial job is to create conditions in which we can work productively together. Ideally we can build a learning environment in which we can engage with new material, revisit personal experiences with an analytic eye, and experiment with new action strategies. I will try to design the course to make this possible. I hope you will be active in building a class context that suits your learning style and needs. Regular attendance at all class sessions is expected, since learning in this class will depend a good deal on your interaction with each other and the materials. If you know you cannot attend a session, please let me know in advance.

Assignments

Readings and case preparation *are to be completed before* the class meets. Each session's reading assignments will present a variety of viewpoints. While reading these materials you should continually ask yourself: Do I understand the issue being discussed? Can I frame the issue in the perspective of both the environmental critic and the environmental proponent? How might this affect my decision-making as a manager?

Grades will be based on three components:
    40% - a team project on a specific change initiative;
    20% - your individual analyses of your team effectiveness;
    40% - your individual participation and contributions to class discussions and learning.

1. **Final Team Project (40%):** The team project should be a study of a real change agent. You will identify some person in either an NGO, government or business who has undertaken some form change within his or her organization. That effort can be successful or unsuccessful. Your paper should cover both their challenges as individuals, attempting to visualize some form of new direction for the organization, as well as their efforts at effecting that change. What I hope you will gain from this experience is three-fold. First, I want you to have a chance to assess how someone has gone through an individual and organizational transition so that you may uncover useful lessons for your own lives moving forward. Second, in seeing how someone has gone through this experience, and in particular what motivated them to move forward and the resistance they encountered in doing so, you may have greater insights into stimulating change in your organization by encouraging people in positions of power to act. Third, a key objective of this assignment is to give you an opportunity to apply the concepts you have been reading about and discussing in class.

In organizing the project write-up, think of the project as a formal analysis with an: (a) introduction/executive summary, (b) background, (c) analysis and discussion, (d) recommendations or alternative suggestions, and (e) conclusions and lessons learned. Exhibits should support your analysis. External sources should be referenced with endnotes using the reference style at the back of this sylabus. The project should be no longer than 10 double-spaced pages (not including

exhibits and references) in 12 point times roman font. The paper is due at the beginning of the final **session 13.** You will also fill out the attached Team Evaluation Form individually and submit it separately.

2. Individual Analysis of Team Effectiveness (20%): You will submit an individual analysis of how your team functioned in Bushfire Survival. The will be a three-page analysis due in **session 6.** It should include analysis, not only of what went right and what went wrong, but also a discussion of what you would need to do to improve team effectiveness. This is not just an opportunity to rate your dissatisfaction with your team members.   You should draw on course concepts in group conflict and change in this analysis. The analyses should be double spaced, 12 point, times roman font. It may be in outline or bullet form if you prefer.

3. Contributions to Class Learning and Discussion (40%).
Class participation is a very important part of the learning process (as well as an important part of your grade). It is critical not only for your personal learning, but also for the learning of your fellow classmates. Much of the value of the class comes from prepared, thoughtful, and informed dialogue between you and your classmates. You are expected to read all the materials and in your reading you should continually ask yourself the following questions: Do I understand the theory and/or principles of this material? So what? What are its implications? How should I apply this as a manager? You are asked to do this and it is expected that you will raise these questions as well as others during class discussion.

Case Study Preparation: When preparing the case studies, do not read them as simply a story. Consider three sets of concerns as you <u>analyze</u> the case.

> *Issues:* Identify the essential issues described in the case. Issues represent current or emerging problems faced by individuals and groups in the organization. Keep in mind there are many issues in any given case, but not all of them are equally important. Focusing on no more than two or three issues will probably serve you well.

> *Analysis:* What are the causes/factors producing the situation described in the case? What seems to be causing the key problems? Do the problems share a cause, or are they related in some other way? The linkages you make among causes/factors in the case are important. You may want to list, draw, or somehow represent the factors you see as important. You might find a visual representation helpful in capturing the core dynamics. The goal is to discern how and why the situation arose in the first place.

> *Action:* What course of action would you adopt if you were involved in this situation? Your solution should address the underlying causes of the issues. How would you implement your suggested actions? What potential failure points do you need to anticipate? What is the downside of your solution? How would you monitor progress towards full implementation? You want to be as concrete and realistic as possible.

Since class participation is a requirement and not an option, I will call upon individuals when it becomes necessary to draw them into the discussion. Your contributions will be evaluated on their *quality*. Quality comments possess one or more of the following attributes:

1. Offer a different, unique and relevant perspective on the issue.
2. Contribute to moving the discussion and analysis forward.
3. Build on other comments. Too often students and managers fail to listen to the comments of others. Good comments might begin with "in agreement with what Jane has just said…"

or "I'd like to disagree with Ted's point…." or "I think we're all missing a key point here…"

4. Transcends the "I feel" syndrome. That is, includes some evidence or analysis of inherent tradeoffs. In other words, the comments demonstrate some reflective thinking.

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<u>Course Material</u>

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There is a course packet of cases and readings. This reading should be supplemented by steady reading of contemporary environmental issues as published in the mainstream or environmental press.

Required: •   Reading Packet (available at Dollar Bill)

NRE 501: Organizational Change Management
~ Class Schedule ~

Session #1   **Introducing Change**   **Tuesday, March 7**

READINGS: Beer, M., R. Eisenstat & B. Spector (1990) "Why change programs don't
                  produce change," *Harvard Business Review*, December: 158-166.
CASE: Thurgood Marshall High School (1993, HBS # 9-494-070).
QUESTIONS: This case is an opportunity to introduce the theme of this course – managing
                  organizational change. As you read the case, consider what are the
                  problems facing David Kane. How might you prioritize them? What action
                  steps might you recommend to deal with them?

Session #2   **The Object of Change I: Organizational Structure,**
                        Rewards, Selection, Socialization   **Thursday, March 9**

READINGS: Kerr, S. (1995) "On the folly of rewarding A while hoping for B," *Academy of
                  Management Executive*, 9(1): pages 7-16.
                  Pfeffer, J. (1994) Producing sustainable competitive advantage through the
                  effective management of people," *Academy of Management Executive*, 9 (10)
CASE: Southwest Airlines: Using Human Resources for Competitive Advantage (A)
                  (1995, Stanford University, HBS # HR-1A).
QUESTIONS: Is Southwest Airlines a successful organization? Why? How does the
                  organization get such loyalty from its employees? How is a company
                  different from an NGO or a government organization in getting such
                  commitment? What lessons are transferable and which ones are not? What
                  are the things you recommend the company do to keep it as a high-
                  performing organization?

Session #3   **The Object of Change II:**
                        Organizational Culture   **Tuesday, March 14**

READINGS: Lyall, S. (1998) "Peer sheds breeches but finds wig won't budge," *New York
                  Times*, November 17.
                  Schein, E. (1992) "Defining Organizational Culture" and "Uncovering the
                  Levels of Culture," in *Organizational Culture and Leadership* (San
                  Francisco: Jossey-Bass Publishers), pages 3-27.
                  Cameron, K. (2003) "Organizational transformation through architecture and
                  design," *Journal of Management Inquiry*, 12 (1): 88-92.
EXERCISE 1:   Mary Kay Cosmetics (Video in class)
EXERCISE 2:   Alpha-Beta (Hand-out in class)

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Session #4	**Diagnosis for Change**	**Thursday, March 16**

READINGS:	Wheatley, M. (1992) "Searching for order in an orderly world," *Journal of Management Inquiry*, 1(4): 337-342.
	Welch, J. & E. Hood (1990) "Balance between values and numbers." *New York Times*, March 2, D1.
	Pascale, R. & J. Sternin (2005) "Your company's secret change agents," *Harvard Business Review*, May: 1-10.
CASE:	Levy, P. (2001) "The Nut Island effect: When good teams go wrong," *Harvard Business Review*, March: 5-12.
QUESTIONS:	What was wrong at the Nut Island Treatment Plant? How do you know? How would you diagnose the problems that existed?
EXERCISE:	Bushfire Survival Situation (Human Synergistics) (Hand-out in class).

Session #5	**Implementing Change I**	**Tuesday, March 21**

READINGS:	Nadler, D. & M. Tushman (1989) "Organizational frame bending: Principles for managing reorientation," *Academy of Management Executive*, 3 (3): 194-204.
	Kotter, J. (1995) "Leading change: Why transformation efforts fail," *Harvard Business Review*, March-April, pages 59-67 (HBS # 4231).
	Howard-Grenville, J. & A. Hoffman (2003) "The importance of cultural framing to the success of social initiatives in business," *Academy of Management Executive*, 17 (2): 70-84.
CASE:	Appalachian Mountain Club: Transforming Governance (1997, HBS #9-598-066).
QUESTIONS:	Okay, let's try to bring together what we have covered so far. How would you assess the AMC organization prior to 1988 – structure, selection, socialization, rewards, culture? What is the diagnosed problem with the organization? How did they implement the change process – consider Kotter's model for change? Did they initiate change well or poorly?

Session #6	**Vision**	**Thursday March 23**

READINGS:	Senge, P. (1990) "The leader's new work: Building learning organizations," *Sloan Management Review*, Fall: 7-22.
	Abrashoff, D. (2001) "Retention through redemption," *Harvard Business Review*, February: 137-141.
EXERCISE:	Gary Barnett (Video in class)

ASSIGNMENT:	Hand in a three-page assessment of your team's effectiveness in Bushfire Survival including an intervention plan to improve it.

Session #7	**Roles in the Change Process**	**Tuesday, March 28**

READINGS: Kanter, R. (1982) "The Middle Manager as Innovator," *Harvard Business Review*, July-August, pages 95-106.

Isabella, L. (1992) "Managing the Challenges of Trigger Events," *Business Horizons*.

CASE: Stayer, R. (1990) "How I learned to let my workers lead" *Harvard Business Review*, Nov.-Dec., pages 2-11. (HBS # 90610).

QUESTIONS: What did Ralph Stayer identify as the key problems at Johnsonville Sausage (JS)? What did he diagnose as the cause of this problem? What changes did Stayer implement at JS? How did the design of jobs change at JS -- for the workers, the middle managers, and the CEO? What was the culture like at Johnsonville before and after Stayer implemented his changes? What did you learn from this case about motivation, job design, job enrichment, decision-making, culture, and leadership?

Session #8	**The Internal Change Agent**	**Thursday, March 30**

READINGS: Zuckerman, G. (1999) "Trading up: Woman on a bond desk deals with the slights and rises to the top," *Wall Street Journal*, November 26, pages A1, A6.

McGeehan, P. (2002) "Wall Street highflier to outcast: A woman's story," *New York Times*, February 10: A1.

Hammonds, K. (2000) "Practical radicals," *Fast Company*, September, pages 162-174.

EXERCISE: Telemachus (PON, 1995)

QUESTIONS: Read simulation material and come to class prepared for negotiation. Roles will be handed out prior to class.

Session #9	**Leadership I**	**Tuesday, April 4**

READINGS: McCall, M. (1998) Chapters 1 and 2 in *High Flyers*, (Boston, MA: Harvard Business School Press).

Hall T. & P. Mirvis (1996), "The new protean career," Chapter 1 in *The Career is Dead*, (San Francisco, CA: Jossey-Bass Inc. Publishers).

EXERCISE: Admired leader traits

CASE: McKay, B., N. Deogun & J. Lublin (1999) "Ivestor had all skills of a CEO but one: Ear for political nuance," *The Wall Street Journal*, December 17, pages 6-8.

QUESTIONS: Do the insights from the readings for today help us to understand why Ivestor failed at Coke? Consider how both the concepts of derailment and the Protean Career can help us to evaluate his career rise and fall. How might they fit into your career plan?

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Session #10	**Leadership II**	**Thursday, April 6**

READINGS: Goleman, D. (1998) "What makes a leader," *Harvard Business Review*, November-December, pages 92-102, (HBS # 3790).

Howard, A. & J. Magretta (1995) "Surviving success: An interview with Nature Conservancy's John Sawhill," *Harvard Business Review,* September-October: 109-118.

CASE: The Nature Conservancy (2003, HBS 9-303-007)

QUESTIONS: What do you think of the strategic transformation plan at TNC? What do you think of its implementation? What do you think of Steve McCormick as a leader? Is he one that you would follow? Why? Why not? How does he compare with John Sawhill, TNC's former charismatic leader? Use the concepts from session #10 and the paper on "emotional intelligence" as you consider these questions.

Session #11	**Managing Power and Politics**	**Tuesday, April 11**

READINGS: Pfeffer, J. (1992) "Decisions and Implementation," in *Managing with Power* (Boston, Mass.: Harvard Business School Press), pages 3-31.

Tannen, D. (1995) "The power of talk: Who gets heard and why," *Harvard Business Review*, September-October.

CASE: John Smithers at Sigtek (1998, HBS N9-491-035).

QUESTIONS: What are the major drivers of change at Sigtek? What are the barriers? As Smithers looking backward, what would you have done differently and why? Rate him to the elements of emotional of emotional intelligence or derailment covered earlier. What should he have learned from this situation?

Session #12	**Implementing Change II**	**Thursday, April 13**

READINGS: Weick, K. (2000) "Emergent change as a universal in organizations," in M. Beer and N. Nohria (eds.), *Breaking the Code of Change* (Boston, MA: Harvard Business School Press): 223-243.

Webb, L. (1999) "Appreciative inquiry as a way to jump start change," *At Work*, 8 (2): 1-3.

CASE A: Environmental Defense (2003, HBS N9-703-029)

CASE B: Environmental Defense (2004) *Getting in Gear: Environmental Defense and FedEx Express*, (New York, Environmental Defense).

QUESTIONS: **A.** Environmental Defense has enjoyed remarkable success as an organization. So, why change? Is this a never ending process? If not, what does a successful organization look like? If so, how do you ever relax?

B. Why would Environmental Defense want to "get in bed with the enemy"? Why would it enter into a partnership with FedEx? Why would FedEx do the same? Can you envision any forms of resistance that the advocates for this partnership might encounter in either organization? Are there dangers to this kind of an alliance? For Environmental Defense? For FedEx? On what basis would you consider this project a success? Could any NGO or any corporation undertake a similar initiative? What are the criteria by which you would answer this question? (more questions on page 9)

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Environmental Defense, continued.
> Consider the "appreciative inquiry" model to look at not just what is wrong with Environmental Defense but also what is right (for more on "appreciative inquiry" go to: http://appreciativeinquiry.cwru.edu/). Also, do you see any "positive deviants" that help the organization succeed? (For more on "positive deviance go to: http://www.bus.umich.edu/Positive/).

Session #13	**Engaging the External Environment:**	
	Change Agent and Change Recipient	**Tuesday, April 18**

READINGS: Hoffman, A (2000) "Integrating environmental and social issues into corporate practice," *Environment*, 42 (5): 22-33.
Freidman, M. (1970) "The social responsibility of business is to increase it's profits," *New York Times Magazine*, September 13: 32-33, 122-126.
Allenby, B. (1998) "USA vs. SD: Can American values and sustainable development live together in peace," *Tomorrow*, 4(8): 61.

CASE: Cape Wind (2004, HBS 9-504-055)

QUESTIONS: What kind of opposition is Cape Wind up against? Who are they? How can they stop the company's plans? Can they be appeased such that both the corporation and its opponents can be mutually satisfied? Can corporations and NGOs work together towards sustainable outcomes? Consider these questions also as we analyze the chlorine and paper industry exercise.

ASSIGNMENT: Hand-in your final group project.

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TEAM EVALUATION FORM

TEAM NAME or NUMBER   NAME

_____   _____

Group Members (list by name)	I. Commitment to Team Excellence *(letter grade)*	II. Originality and Initiative *(letter grade)*	III. Dependability *(letter grade)*	IV. Overall Contribution *(percentage)*
				100%

INSTRUCTIONS:

Grade each group member (including yourself) on attributes I through III using letter grades A through F.

Rank each member's contribution on attribute IV using percentages adding to 100%.

DEFINITIONS

I.   Commitment to Team Excellence — cooperativeness; receptiveness to

criticisms or suggestions; ability to work with others.

II.   Originality and Initiative — creative ability; imagination; soundness of ideas.

III.   Dependability — ability to get results; reliability; promptness; attendance.

IV.   Overall Contribution — provide an estimate of the percentage of each member's contribution to the group (**including yourself**).

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Style Guide for References

Please use endnotes for all references in your papers. The form of entries should fit the following format.

Book entries follow this form: Authors' or Editors' Last Names, Initials. Year. *Title of book.* (Italic, Uppercase except for the first letter of the each word except articles). City Where Published, with abbreviation for state or province (North America) or full name of country, only if needed to identify a small city: Name of Publisher. Examples:

> Granovetter, M.S. (1965) *Getting a Job: A Study of Contracts and Careers.* (Chicago: University of Chicago Press.)

> Kahn, R. L., & Boulding, E. (Eds.). (1964) *Power and Conflict in Organizations.* (Glencoe, IL: Free Press.)

> National Center for Education Statistics. (1992) *Digest of Education Statistics.* (Washington DC: National Center for Education Statistics.)

Periodical entries follow this form: Authors' Last Names, Initials. Year. Title of article or paper in quotes (in lowercase letters except for the first letter of the first word and the first word after a long dash or colon). *Name of Periodical,* volume number (issue number, *if needed*—see below): page numbers. Examples:

> Shrivastava, P. (1995) "The role of corporations in achieving ecological sustainability," *Academy of Management Review*, 20: 936-960.

> Nonaka, I. (1991) "The knowledge-creating company," *Harvard Business Review*, 69(6): 96-104.

Include an issue number *only* if every issue of the referenced periodical begins with a page numbered 1. (Look at more than one issue to check.)

If an article has no author, the periodical or producing body is referenced:

> *BusinessWeek* (1998) "The best B-schools," October 19: 86-94

Chapters in books (including annuals) follow this form: Authors' Last Names, Initials. Year. Title of chapter (in lowercase letters except for the first letter of the first word and first word after a colon). In Editors' Initials and Last Names (Eds.), *Title of book:* page numbers. City Where Published, State or Country (only if necessary to identify the city): Name of Publisher. Examples:

> Levitt, B., & March, J.G. (1988) "Organizational learning," In W.R. Scott & J.F. Short (Ed.), *Annual Review of Sociology*, vol. 14: 319-340. (Palo Alto, CA: Annual Reviews)

> Dutton, J., Bartunek, J., & Gersick, C. (1996) "Growing a personal, professional collaboration," In P. Frost & S. Taylor (Eds.), *Rhythms of Academic Life*: 239-248. (Newbury Park, CA: Sage.)

For *unpublished* papers, dissertations*,* and papers presented at meetings:

> Duncan, R. G. (1971*) Multiple Decision-Making Structures in Adapting to Environmental Uncertainty.* Working paper no. 54–71, Northwestern University Graduate School of Management, Evanston, IL.

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Smith, M. H. (1980) *A Multidimensional Approach to Individual Differences in Empathy*. Unpublished doctoral dissertation, University of Texas, Austin.

Wall, J. P. (1983) *Work and Nonwork Correlates of the Career Plateau*. Paper presented at the annual meeting of the Academy of Management, Dallas.

For an *electronic document,* include the author's name, if known; the full title of the document; the full title of the work it is part of; the ftp, http, or other address; and the date the document was posted or accessed.

Cinergy Corp. (2005) "Cinergy's environmental leadership pledge," http://www.cinergy.com/Environment/3109_851.asp, September 7, 2005.

PRNewswire (2005) "Whirlpool corporation cited by AARP as one of best U.S. companies for workers over 50," http://phx.corporate-ir.net/phoenix.zhtml?c=97140&p=IROL-NewsText&t=Regular&id=750974&, September 7, 2005.

Balda, A. (2004) "CEO statement," *2004 Alcoa Sustainability Report*, http://www.alcoa.com/global/en/about_alcoa/sustainability_report_2004/sr2004_ceostatement.asp, September 7, 2005

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