New York University
Stern School of Business MBA Program
Spring, 2006

MANAGING CHANGE

Course Description and Objectives

Contemporary business environments contain challenges that demand an increasing pace, volume and complexity of organizational changes. Most organizations, whether they are entrepreneurial start-ups or long-established Fortune 500 firms, find that they must change or wither. This course is geared toward deepening students’ understanding of the challenges, the techniques, and the burdens associated with initiating and implementing major change in an organization. Throughout the course, the objective will be to prepare managers, or their consultants and advisers, to meet the challenges of organizational change successfully. As such, the course is especially useful for students who plan careers in management consulting, general management (whether in line or staff positions) and entrepreneurship or intrapreneurship.

The perspective on change adopted in this course is that competitive advantage today is less a matter of determining the right strategy than of implementing it faster and more smoothly than your competitors. As a result, this course concentrates on process, or how change can be most effectively implemented. In keeping with the emphasis on change process, the course focuses on the exploration and classroom discussion of cases illustrating different change efforts in a variety of organizations across a diverse range of business contexts. The exploration of these cases and, through them, the understanding of the complex and intricate process of initiating and implementing change, is the central focus of the course.

Assistance

If you would like to discuss your progress in the course or if you need assistance with the course material or assignments, please see me during the office hours. Alternatively, you can send me an email anytime, or you can contact me by phone, using the above number, which is my home phone. I encourage you to meet with me as soon as possible if you
have any questions or problems.

Course Requirements at a Glance

Participation 20%
Reaction Memo 20%
Case Interview 25%
Group Term Paper 35%

Course Requirements in Detail

Participation- 20%

The single most important student requirement in this course is full and active involvement in the case discussions and analyses. It is only through a thorough exploration of the complex processes through which change unfolds in real business situations that students can obtain a full understanding of the challenge of managing change.

Ultimately, much of what you learn in this class will be from your fellow students. There are several things that you must do to enable the creation of a learning community in the classroom. You should be prepared for each session. You are expected to complete all the assigned readings, assignments and case analyses for each session before coming to class. However, this is not sufficient. In addition, you must be able to contribute in a meaningful way to class discussion of these materials, and to lead the class discussion intermittently throughout the semester. Your participation grade will be based on the quality (not quantity) of your contributions to class discussion. There is no substitute for in-class participation, and this is the primary means by which I will assess your individual mastery of course material.

It is your responsibility to check from time to time to see how you are doing in participation. I will grade participation after each class and will be happy to share your participation record with you at anytime. Don’t wait until the end of the semester to check, when it will be too late to make any corrections in your participation.
**Reaction Memo – 20%**

There are a total of 7 italicized thought questions distributed throughout the syllabus. You are to write a response to one of these, and you may choose any one. The memo should be no longer than 3 double-spaced pages and must be submitted on the date indicated on the syllabus (because we will often discuss the thought question in class on that date). You may integrate material from any of the cases, from your own previous experience and intuition, and from theory developed for this or other classes. Reaction memos will be graded with respect to how insightfully and thoroughly you respond to the issues indicated in the syllabus questions, the degree to which you present a balanced perspective and the degree of relevance to managerial practice.

**Individual Case Interview – 25%**

This assignment requires that you find two individuals who have experienced significant recent (previous 12 months) change at work. For example, the person may have been involved in an entrepreneurial venture and witnessed the fundamental changes that occur in such a venture. Alternatively, the individual may have experienced a restructuring, merger, or some other major organizational change. To complete the assignment, you must tape-record an interview with each person, utilizing the interview protocol to be handed out in class. This interview protocol provides several basic questions, but the actual interview will most likely involve your asking appropriate follow-up questions to probe the relevant topics. To finish this assignment, turn in a 3-5 page analysis. Your written analysis should include:

(a) description of each individuals’ experience of the change over time, distilling the dynamic processes of adaptation to change,

(b) explanation of what you view as the likely causes for each individuals’ experiences, including (but not necessarily limited to) attributes of the individual, attributes of the organizational context, and attributes of the change itself and the way it was managed, distilling the factors that make recipients’ experience relatively more or less difficult, and

(c) comparison of the two individuals’ experiences, distilling the generalizability of your observations based on the two case interviews.

This assignment is due Thursday, March 30, 2006.

**Group Term Project**

The key objective of the term project is to help participants study a real life situation in an organization of their choice using the concepts and themes from the course. Although the choice of specific project topic is left up to participants, at a minimum the project must overlap with at least one of the topics covered in the course.
Some examples of project titles include:

• Kodak: The Move To Digital
• Xerox: Changing Direction
• Managing Change at the Legacy Airlines
• Wal*Mart: Does The Culture Need to be Changed?

By Thursday, February 23, 2006, each project group should provide me with the composition of their research team. By Thursday, March 23, 2006, each group should provide me with a one-page outline indicating the name of the organization that you have chosen to study, a brief description of the change process that you will be exploring, and the data sources that you expect to use. A preliminary outline of the entire report is due on Thursday, April 13, 2006. The outline must be in outline format, and cannot be a draft of the prose of the paper itself. The outline will be used to provide you with feedback and direction and therefore will not be graded, but it must be turned in on time. The final project reports are due on the last day of class (Thursday, May 4, 2006).

The final project report should be no longer than 20 pages, inclusive of all exhibits or appendices. The first part of the paper should be written as a case – it should describe rather than analyze. You may model this portion of the project report on the cases that you will be preparing for class throughout the term. Generally (although not necessarily) the case portion of the project report requires more than half the space of the total report. The second part of the project report is an analysis of the case that you studied. The analysis should be modeled on the case analyses that we perform in class throughout the semester, and must be organized and methodical. The analysis should include recommendations to management.

Case Preparation for this Course

This course is quite different than any other course in the MBA program. In particular, whereas other courses focus on content, this course emphasizes process. The emphasis on process is driven by the teaching philosophy guiding this course: specifically, a variety of organizational forms and systems can be successful, but what distinguishes successful from unsuccessful change is the way that the change is managed.

The emphasis on process guides every other aspect of the course design. Most acutely, however, process management must be learned through direct experience or learning strategies that simulate experience with different types of and issues regarding change. The cases we cover in this course are therefore the key-learning tool, for they allow students to learn from a variety of organizational experiences with change.

The relationship between theory and cases is different than what you are likely to find in
other courses. The best theoretical models regarding change management have not yet been translated from the dense and overly specific academic research articles to readings that you will find useful to apply. Thus, much of the theory in the course will be provided in class.

The case analyses will seem quite different from what you typically encounter in other courses. For example, chronologies help chart a process and therefore are a vital aspect of case preparation for this course that is not heavily used in other courses. Importantly, organizational change is characterized by ambiguity and uncertainty. Thus, the cases have been chosen to simulate such feelings of ambiguity and uncertainty in students, which you may find frustrating and confusing at first. The cases will be used to slowly create a more elaborated mental model of the factors that must be taken into account when managing the process of change. Thus, I will give you few roadmaps for analyzing the cases because the course is designed to allow you to develop that roadmap for yourself. For example, after the first few cases I expect you to determine what the key analysis issues are. Moreover, as you develop an elaborated mental model of how the change process should be managed, I will pressure you to give more and more specific action recommendations – in a change context “the devil is in the details”. Thus, you can expect me to ask you to specify exactly how and when to implement your recommendations, even possibly encouraging you to role-play.

To integrate the lessons learned in class with the real world, we will spend the first five to ten minutes of each class commenting on a recent business event that involved change management. To prepare yourself for these discussions, you are expected to come to each class prepared to offer an example, gleaned from the business press.

Mapping the territory: Issues in change

1. Thurs. Feb 9  Introduction
   Readings:  Excerpts from: Who Moved My Cheese (skim)
   From Bogged Down to Fired Up: Inspiring Organizational Change (skim)
   Organizational Frame Bending: Principles of Managing Reorientation

2. Thurs. Feb 16  Change at Multiple Levels of Analysis
   Cases:  Hattori-Seiko and the World Watch Industry in 1980 & Rolex Case
   Consider: 1. Why did the Swiss succeed in being global leaders?
   2. How did they sustain their position so long?
   3. Why did Timex succeed the Swiss as volume leader?
   4. What are the benefits of organizational inertia?
5. How did Rolex avoid the impact of the disruptive quartz technology?

Reading: *The Great Disruption*

3. **Thurs. Feb 23**
   **Patterns of Change Over Time**
   **Case:** *John Smithers: Change Agent*

   **Consider:**
   1. Analyze the approach to change taken at this company. A chronology may be useful.
   2. What are the barriers and drivers of change?
   3. Was Smithers effective? What should he have done differently?

   2. What are the future prospects for this quality initiative?

   **Case:** *Mint Condition*
   **Reading:** *Understanding and managing cynicism about organizational change*
   **Submit:** GROUP PROJECT TEAM COMPOSITION

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**Change and Vision**

4. **Thurs. Mar 2**
   **Cases:** *Carly Fiorina at Hewlett Packard, Hewlett-Packard: Culture In Changing Times & HP – Compaq: The Merger Decision*

   **Consider:**
   1. Compare and contrast the way that Platt obtained information from employees and the way Fiorina obtained information from employees.
   2. Consider when and how Fiorina communicated her vision for HP. What are the strengths and weaknesses of her approach?
   3. Consider the content of Fiorina’s vision. What do you think factored into her development of the vision? How appropriate is it for HP?

   **Reading:** *After the Vision: Suggestions to Corporate Visionaries and Vision Champions*

   **Reaction memo alternative 1:** Evaluate the assets and liabilities of consistency in the vision for change. Are there different types of consistency? What would you recommend regarding consistency to organizations attempting change?

   **Reaction memo alternative 2:** Evaluate the implications of defining the vision
for change from the top down relative to from the bottom up.

**Diagnosing and Leading Change**

5. Thurs. Mar 9  
**Case:** Charlotte Beers at Ogilvy & Mather Worldwide (A)  
**Consider:** 1. What is Beers trying to accomplish as CEO of Ogilvy & Mather Worldwide?  
2. Evaluate the way that Charlotte Beers took charge of the change process.  
3. What are the key challenges facing Beers at the end of the case?

**Reading:** Why Change Programs Don’t Produce Change  
**Reaction memo:** Analyze the issue of whether change leaders should be internal or external to the organization (i.e., drawn from the current ranks of leaders and even the current CEO versus drawn from other organizations). What are the circumstances under which you would recommend internal versus external leadership?

SPRING BREAK March 13-18

6. Thurs. Mar 23  
**Video Case:** Twelve O’Clock High  
**Reading:** Revitalizing organizations: The leadership role (read pages 251-264. You may skim the beginning of the article if you wish.) (14)  
**Submit:** ONE-PAGE OUTLINE OF FINAL GROUP PROJECT

**Recipients of Change**

7. Thurs. Mar 30  
**Submit:** INDIVIDUAL CASE INTERVIEWS  
**Case:** Donna Dubinsky and Apple Computer, Inc. (A)  
**Consider:** 1. Why was Dubinsky initially so successful at Apple?  
2. Why did she respond the way she did to the JIT proposal? (Put yourself in her situation, intellectually and emotionally)  
3. What do you think she should have done differently? Be specific.

**Case:** Debi Coleman  
**Consider:** 1. What did Coleman do and what were her reactions to the distribution issue events?  
2. How would you have reacted if you were she?  
3. What would you do now?
8. Thurs. Apr 6  
Case: Rick Miller (A) 
Consider: 1. What does it feel like to be “sold”? 
2. How would you have reacted differently if you were in his shoes? 
3. What would you do now if you were Miller? 

Reaction memo: Consider the effects of repeated experiences with organizational change. Do people learn from and get better at change? Or does change do damage that may not be reparable? 

Discussion of case interviews. Come prepared to summarize your findings. 

Implementing Change 

9. Thurs. Apr 13 Implementing Divisional Change Pacing and Discontinuity  
Case: First National Citibank Operating Group (A) & (B) 

Consider: 1. What was the factory concept and why was it developed? 
2. How successful was Reed’s implementation of change? What criteria should be used to evaluate the success of a change effort? 
3. What would you have done differently? 

Reaction memo: Consider the speed of change. Analyze the assets and liabilities of implementing change quickly or slowly. 

Case: Nigel Andrews  
Submit: OUTLINE OF FINAL GROUP PROJECT 

10. Thurs. Apr 20 Implementing Cultural Change at Multiple Levels  
Case: Peter Browning & Cont’l White Cap (A,B&C) 
Consider: 1. What was Browning’s predicament at White Cap? 
2. What should his objectives and time frame be? 
3. What should he do now? 

Case: Sears, Roebuck and Company (A): Turnaround 
Consider: 1. What was the process of change Martinez used?
2. How does change in large organizations differ from change in divisions or smaller organizations?
3. What might you have done similarly or differently had you been in Martinez’s position?

Reaction memo: Consider the scope of change -- how a change process is rolled out. Should it be piloted in particular divisions or areas or rolled out throughout the organization at once? Why? If it is piloted in a particular area, how could the area be chosen (e.g., start with the poorest performing divisions or with the most successful divisions)? What are the implications for how the change process is managed later?

11. Thurs. Apr 27 Implementing Growth and Downsizing
Case: Meg Whitman at eBay
Consider: 1. What were the challenges Whitman faced when she took over eBay?
2. How effective has she been? Consider speed, scope, and sequence.

Implementing Mergers and Acquisitions
Case: Unisys: The Merger of Burroughs and Sperry
Consider: 1. What was the vision for this merger?
2. What were the toughest challenges in enacting this vision? How well did Unisys handle them?
3. What would you do differently? What would you do now?

12. Thurs. May 4
Reading: Are you picking the Right Leaders?
Reading: Making mergers and acquisitions work . . .
Leading Change: Why Transformation Efforts Fail

Reaction memo: Analyze the unique dynamics of a merger, possibly comparing mergers to other forms of change. For example, what are the implications of the role of external constituencies? For the portions of the merging organizations that overlap, what dynamics would you expect to emerge?

Submit: Final Group Project
Course Review