ISB Executive Education

ISB CTO

Week 17: Championing Change Management

Video 1: Module Overview

- The CTO's role is externally focused on scanning and assessing outside technologies.
- The CTO needs to identify which technologies are important for the firm to pursue for strategic advantage.
- The CTO must think about how to structure relationships with external technology vendors.
- It is important to consider the different ways a business can be scaled up or grown.

Video 2: Business Expansion: Entering and Scaling Up

- Organic growth involves internal product development or corporate venturing, while inorganic growth explores external partnerships such as non-equity alliances, equity investments, or acquisitions.
- Moser Baer's case illustrates the decision-making between organic and inorganic growth strategies, particularly in evaluating partnerships like OM&T for technological alignment.
- OM&T's technology is pivotal for new market opportunities despite initial technological mismatches with Moser Baer's existing capabilities.
- The partnership's form—contractual, equity-based, or acquisition—depends on strategic fit and mutual benefits for both companies.
- Diversification into the solar industry is driven by its growth prospects compared to declining technologies like CDs and DVDs.
- Financial stability and manufacturing scale are critical considerations for both partners in forging a successful alliance.

Video 3: Growth Tree: Organic vs Inorganic

- Decision-making between organic and inorganic growth depends on the availability of external resources or technologies.
- Inorganic growth, through partnerships or acquisitions, becomes necessary if the company lacks essential technologies internally.
- Modes of inorganic growth include non-equity alliances, equity alliances, or acquisitions, each with distinct strategic implications.
- Factors such as technological fit, potential for increasing returns, uncertainty in development, and speed to market are crucial when deciding between alliances or acquisitions.

Video 4: Equity Ownership

- Equity ownership allows firms like Moser Baer to secure exclusive access to critical technology, preventing competitors from using it.
- By owning equity in partners such as OM&T, Moser Baer can ensure alignment towards shared goals, crucial when partners' core focuses differ.

- Higher equity ownership enhances coordination between firms, facilitating efficient integration of technologies and resources.
- Ownership involves financial costs like acquisition premiums and operational risks such as commitment and managing potential cultural mismatches.

Video 5: Managing Strategic Change

- Successful implementation of new business models or changes within a business model requires careful change management to overcome resistance and achieve desired outcomes.
- Resistance to change often stems from the significant differences in business processes and the introduction of new processes, requiring orchestrated management to facilitate smooth transitions.
- Effective change management starts with industry observation and hypothesis formation, followed by testing through small-scale experiments like field trials to validate transformational approaches.
- CEO surveys highlight that resistance to change is a major hurdle, driven by fear of the unknown, fear of failure, disagreement, and the discomfort of leaving established routines.
- Strategies to overcome resistance include encouraging participation, facilitating change, negotiation, securing executive sponsorship, education, and establishing clear performance metrics to foster a supportive environment for change initiatives.

Video 6: Kotter's Process for Change

- Change management involves eight critical steps: establishing urgency to emphasise the need for change, forming a strong coalition of leaders, creating a clear vision for the future state, communicating this vision widely, empowering others to act on it, achieving short-term wins to build momentum, consolidating gains, and institutionalising changes into the organisational culture.
- Effective change agents, like Rosa Parks, leverage extensive organisational networks and cross-functional connections to drive widespread support for transformative initiatives.
- To foster disruptive innovations, organisations should establish dedicated units that operate independently, shielded from traditional performance metrics initially but accountable to higher standards over time. These units should selectively borrow resources from the core organisation and innovate autonomously to serve as models for broader adoption within the company.

Video 7: Typical Approaches to Change Management

- Behavioural modifications incentivise or penalise behaviours to facilitate change.
- Cultural change aims to cultivate champions who embrace new initiatives.
- Storytelling effectively communicates the rationale and value of change through narratives.
- Strategic change management involves disciplined planning, stakeholder analysis, and clear communication.

- Technology-enabled change management includes readiness assessments, defining clear visions, evaluating impacts, and addressing digital readiness and strategy.

Video 8: Organisational Network Analysis

- Organisational network analysis emphasises the importance of social networks in driving or resisting change within organisations.
- Social networks consist of informal relationships like advice exchange and problem-solving collaborations.
- These networks often complement and extend formal organisational structures, influencing change dynamics significantly.
- Network density measures how interconnected members are within a network, critical for cross-functional collaboration during organisational change.
- Centrality identifies individuals with disproportionate influence due to expertise, tenure, or informal power, crucial for change management success.
- Engaging central players in change initiatives can amplify or hinder their success, making their involvement pivotal.
- Brokers bridge disparate networks like sales and product development, wielding significant influence over organisational change efforts.

Video 9: Module Summary

- Organisational culture plays a crucial role in either supporting or hindering change initiatives.
- Culture encompasses values, beliefs, and informal interactions that define a company's identity and purpose.
- Cultures can be intentionally designed through shaping social networks, implementing practices like storyboarding and incentive management, and improving communication strategies.
- Changing culture is a time-intensive process that requires alignment with transformational goals over realistic timelines.