

Thomas Lauer

Change Management

Fundamentals and Success Factors

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*Dedicated to my doctoral supervisor
Prof. Dr. Hermann Schnabl!*

Preface to the Third Edition

Since the publication of the first edition in 2010, the relevance of the topic of change management has further increased. I am pleased that the previous two editions of my book on the subject have followed this trend and have also become more widely distributed. As I know from reader feedback, the book is used in the practice of change management as well as in the context of courses at colleges and universities.

With this third edition I would like to maintain the proven structure. Accordingly, I have mainly made additions and updates. Topics that have now been included in the book for the first time are, for example, stakeholder analysis (see Sect. 8.3.3), the use of the social intranet for communication and idea generation (see Sects. 8.3.2 and 14.3.3), or intrapreneurship programs as a source of permanent change (see Sect. 14.3.4). In addition, a whole series of new case studies were integrated and the more recent literature on the topic was reviewed and, where appropriate, taken into account.

I hope that all readers will enjoy and gain insight from the reading!

Aschaffenburg, Germany
January 2019

Thomas Lauer

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Part I

Fundamentals



Change Management: The Path to Achieve the Goal

1

Change is increasingly determining the day-to-day business of a company. In order to optimally control it, special management techniques are required, which can be summarized under the term change management. The human factor is at the forefront of all considerations, because the implementation of change is dependent on the active support of the employees. As everyone has their own needs, ideas and experiences, some of which do not conform to the established corporate structure, there can be no simple recipe for how to successfully manage change. Rather, it is a complex undertaking that must start at three points: the affected individuals, the corporate structures and the corporate culture.

This book is aimed primarily at managers of all hierarchy levels who are entrusted with the task of managing change. However, it is also suitable as a textbook for practice-oriented studies, as it deals with the basics of change management (Part I) and analyzes the practical success factors for change (Part II).

1.1 Change Management: What It Means

1.1.1 Definition

The only constant is change, it is commonly said. This is undoubtedly and increasingly true for the business world—and thus also for the individual companies that play a central role in it. Buzzwords that may emphasize the omnipresence of the changes surrounding companies include climate change, globalization, and above all, digitization. It is therefore hardly surprising that management practice and its academic training are increasingly addressing these issues. The term has become established for the special management techniques required to control these processes involved in change.

As Fig. 1.1 shows, change management is about achieving an optimal design of the path from the starting point (symbolized here by a wire chair) to the goal (symbolized by a comfortable upholstered armchair). In this understanding of the term, change management does not include the definition of the content of the goal itself, nor the development of methods to derive such goals or corporate strategies. Even if a 100% separation between the path and the goal is not possible, as will become apparent later, especially under the keyword of *participation*, the focus is clearly on designing the path to the goal and not on the application of methods and procedures of strategic goal planning. Change management is therefore, in contrast to strategic corporate management, which seeks optimal adaptation to the environment, a task that is primarily directed inward, that is, toward the members of the organization or company undergoing change. The aim is to internally implement the optimal adaptation to external changes derived from strategic management. It is pointless to speculate whether ultimately the finding of an optimal strategy or its implementation represents the greater challenge. The fact is, however, that only the combination of both ultimately leads to the goal of sustainable corporate success. Consequently, a suitable strategy is a necessary but not yet sufficient condition for success.

In the past, the emphasis of management theory was rather on teaching methods for strategy development. In contrast the implementation inside the company, the necessary change itself, was often understood as an automatism, which did not seem necessary to take a closer look. Practice has shown that this is often where the real challenge lurks. This is probably due to the fact that the implementation of change is not a purely mechanical process, but requires the active support of employees and thus of people who have their own needs, ideas, experiences, emotions, characters, etc., and who are also embedded in social structures that are not only defined by the formal, official company organization, but have often grown informally, quasi “wildly”. In such a complex field of action, there can be no simple recipes for how to successfully manage change, but it requires playing on a similarly multi-layered repertoire of methods or management techniques. This often includes, not least of all, a change in attitude regarding the self-image of managers who are only too happy to see themselves in the role of the autonomous designer who “sets his pieces on the chessboard”. However, as these pieces in reality have a life of their own and move around by themselves even without strategists, change management is not only a social technique but ultimately also a specific philosophy of corporate management, as is increasingly required in complex, dynamic corporate environments. The recognition of the existence of employees as independent, acting beings does not primarily stem from humanitarian reasons, but aims primarily at increasing economic efficiency. A study of 111 German-speaking companies by the International Institute for Learning Organization and Innovation at the University of St. Gallen (Internationales Institut für lernende Organisation und Innovation an der Hochschule St. Gallen) has shown that taking into account not only the factual but also the relational level in the context of change reduces costs by about 25% and the time required by about 16%.¹

¹See Kostka and Mönch (2002, p. 13).

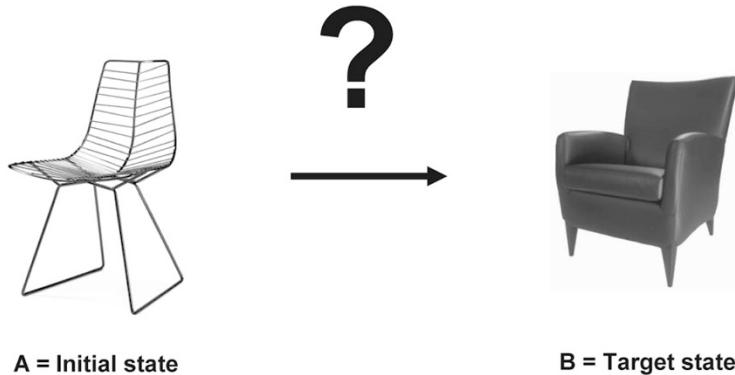


Fig. 1.1 Change management as the management of change on the path from A to B

The number of companies that consider change management as an important or very important task in the future is approaching the 100% mark. This statement is supported by various studies. For example, a survey by a consortium of several universities and colleges among more than 200 human resource management experts using the Delphi method showed that “accompaniment of change processes” is number one in the ranking with regard to personnel development instruments of the future,² followed by coaching, which will be mentioned in the context of success factors (see Sect. 11.3.2). A study by the consulting firm Kienbaum from 2017 confirms this trend. When asked about the most important topics of future top management training courses, change management also took first place by a clear margin.³

These are enough reasons to take a comprehensive look at the field of change management.

1.1.2 Subject

As shown in the previous discussion, change management is generally concerned with the optimal management of corporate change. This can be proactively initiated in order to successfully tackle future challenges, such as mergers and acquisitions, or—as is often the case—it can arise from an immediate reaction to crisis phenomena. Even though most of the following examples in this book overall refer to companies, change management should not be too strictly linked with *corporate change*. On the one hand, the findings and methods presented here are equally applicable to non-commercial organizations, such as aid organizations, state and municipal institutions or universities, which also have to face

²See Schermuly and Nachtwei (2012, p. 38).

³See Kienbaum (2017, p. 14).

constant changes in their environment.⁴ On the other hand, although the change of the entire company is the most outwardly visible sign of change, in practice the individual components of companies, such as divisions, departments, production facilities, etc., are constantly changing without this having to be accompanied by an overall changed corporate strategy. The described foundations and success factors of change are also valid for the change on a small scale. Only the dimension of the methods has to be adapted from case to case.

Examples of such processes of change on both large and small scale are

- The takeover of a company by an investor, for example, a private equity fund or a company successor, such as the next generation of the owner family.⁵
- The complete reorganization of a company, for example in the form of a division into business segments representing customer groups (business vs. private customers) or product segments.
- The outsourcing of organizational units through sales or outsourcing activities.
- The reorganization of individual functional areas of the company, such as the re-cutting of sales territories, the transformation of the human resources department into a service center or the centralization of purchasing.
- The introduction of new technologies and processes in the field of communication, for example through a social intranet (see Sect. 8.3.2), customer management (in the form of a CRM system⁶), Industry 4.0 applications or within the scope of a new product launch.⁷
- The change or the first-time implementation of methods or rules that primarily affect the personnel. Examples here would be the change of a remuneration system toward greater variability,⁸ the first-time implementation of an employee survey or even “only” the move to a new building.

1.1.3 Starting Points for Change Management

Since change management primarily refers to the management of change by taking the human factor into account, the associated methods can primarily be applied to three points (see Fig. 1.2).

⁴See e.g., Resch and Day (2010).

⁵On change management in the context of corporate succession, also see Ritter et al. (2014).

⁶See e.g., Helmke et al. (2013, p. 278 ff.).

⁷See e.g., Lies et al. (2011, p. 101 f.).

⁸See e.g., (Kanning 2012, p. 109 ff.).

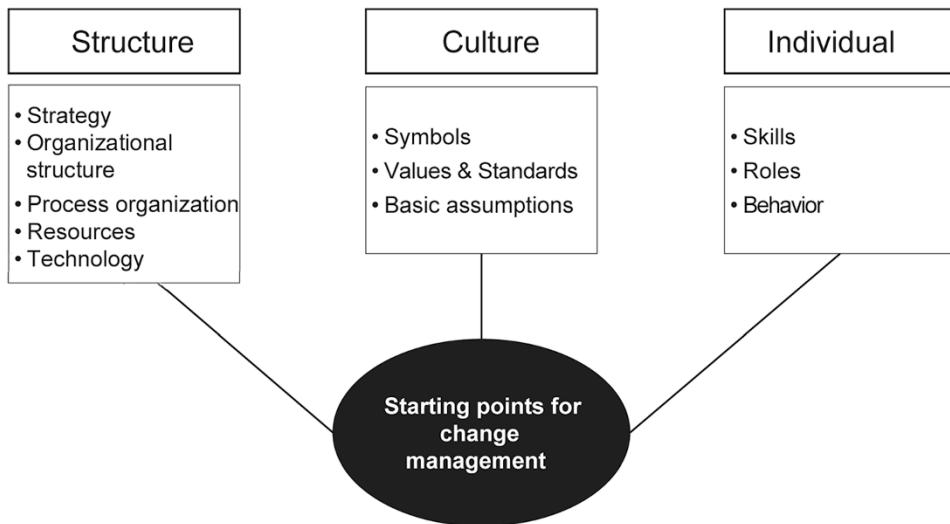


Fig. 1.2 Starting points for change management [Source: Based on Staehle (1999, p. 934) and Kostka and Mönch (2002, p. 16)]

1. *Individuals:* They form the smallest social elements of organizations. Without their active participation, change in companies is not possible. Change management in relation to individuals means not only adapting skills to new challenges, but also promoting the necessary positive attitude toward the goals of change and participation in it.
2. *Corporate structures:* They include the formal structural and process organization as well as strategies and resources. Their change is basically simple on paper, but the informal structures, which tend to develop over the long term and through evolution, often resist these changes.
3. *Corporate culture:* These permanent, rather informal structures, which are responsible for attitudes, values, and informal rules of behavior, are called corporate culture and are largely independent of the individual. A change only on an individual and structural level without the involvement of the corporate culture is often fraught with considerable problems or even doomed to complete failure.

The fact that these three levels are generally to be addressed together can be illustrated clearly by the transformations of former state authorities into private sector companies, as has been the case, for example, in the postal, telecommunications or rail transport sectors of many countries.

Take the example of the German railway company Deutsche Bahn. The transformation into a private company is initially accompanied by an adjustment of strategy. It is no longer just security of supply, but rather the generation of profits that moves to the top of the list of objectives. In strategic terms, this means aligning with the market and customer needs. As a

result, service employees are required to be more customer-oriented. The customers are no longer applicants but guarantors for the well-being of the company and thus also for the company's individual future. Service staff must therefore acquire new skills for customer dialogue at the counter or on the train. However, knowledge and skills are not sufficient here. At the same time, the attitude toward the customer and one's own profession may have to be modified. A "civil servant mentality" must be discarded and exchanged for a service orientation. However, this will only be possible on a mass scale if the entire environment of colleagues and managers accepts and lives by these new rules, and if the corporate culture as a whole shifts in this way from an official culture geared to safety and error prevention to a service culture.

Change management is therefore a complex task that not only starts at different levels, but also has to constructively bring together the most diverse interests of those involved. For this, knowledge of the possible causes of the failure of change is just as important as knowledge of the many success factors that contribute to its success.

1.2 Objective and Target Group of the Book

1.2.1 Objective

With the importance of change management in practice, the number of publications on this topic has undoubtedly increased. However, a review of these publications reveals that the majority of them only shed light on certain aspects of change management, depending on whether the authors come from the psychological and social sciences or the business management profession. In particular, individual methods or elements are presented very explicitly and in a manner close to implementation, but the holistic view of this extremely complex topic is rather secondary. On the other hand, other publications on this topic, especially in the field of academic literature, approach the subject primarily from a theoretical, abstract level, which limits its immediate practical use. In accordance with this starting point, the present book is guided by the following objectives:

1. *Providing a comprehensive overview:* The following chapters are intended to examine the topic of change management in its entirety. This includes the socio-scientific-psychological aspects as well as the business management aspects. It encompasses the identification of the causes and necessities of change management to the same extent as the understanding of problems that arise and methods for their solution. The unifying element of all the contents is the development of a general change management model (see Chap. 5), as it is systematically derived from the basic chapters and in turn serves to determine the success factors presented subsequently.
2. *Structured presentation of the contents:* Although it is highly recommended to study the entire book chapter by chapter, it can also be used as a reference book or manual. The division into the sections, fundamentals, and success factors helps to find answers to

specific questions in the context of change management processes, as the generally structured or numbered listing of related reasons, arguments, factors, etc.

3. *Offering a practical guide:* Despite its claim to provide a comprehensive overview, the main purpose of the book is to provide practical support for change management. The structure of the book and its chapters is intended to help here, as is the presentation of selected methods, the provision of practical tips or the offer of practical checks on the change management skills of the organization or organizational unit to be changed. Last but not the least, the illustration with numerous practical examples, which are presented as insertions at the appropriate places in the book, shows the way to the optimal management of change.

1.2.2 Target Group

In line with the book's objectives as explained above, it is primarily aimed at managers in companies or other organizations who are responsible for managing change. This concerns the top management initiating change to the same extent as project managers in the individual sub-areas of change, or middle management who either want to transform the sub-areas of the company for which they are responsible on a small scale, or who are responsible for a concrete form of change for the respective areas within the framework of a complete corporate change.

As the subject change management is increasingly being incorporated into academic curricula, this book can also serve as a basis for courses at universities and colleges, provided that the teaching is practice-oriented.

1.3 Structure of the Book

The book is divided into two parts, fundamentals (Chaps. 1–5) and success factors (Chaps. 6–14). The structuring is based on five guiding questions (see Fig. 1.3).

1. *What is change management?* This question, which was discussed at the beginning of this chapter, serves above all as a precise demarcation from other areas of corporate management, primarily strategic management.
2. *What causes the need for corporate change?* Even though change management itself starts with the process control of change and does not define the objectives of change in terms of content, it is important to understand what triggers change and why the importance of corporate change will probably continue to increase in the future. Not only does insight into the significance of change require an examination of the causes, but its respective course can also be different depending on whether the change was triggered by internal developments or external influences.

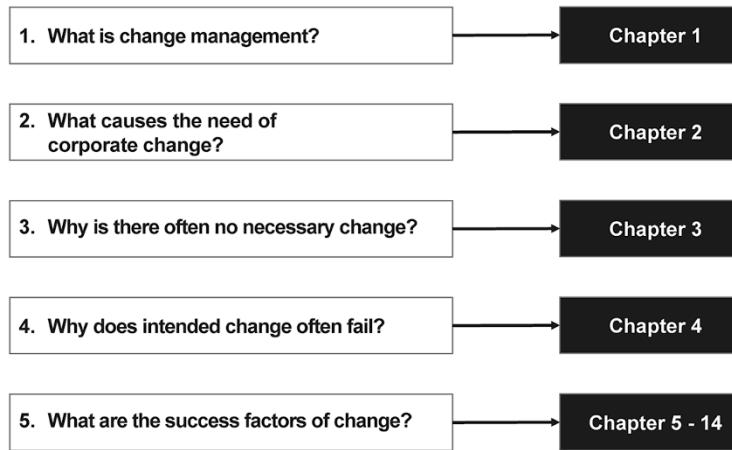


Fig. 1.3 Five key questions of the present book with the corresponding chapters

3. *Why does the necessary change often fail to materialize?* As shown in the corresponding Chap. 3, the necessary change is often delayed in practice, or in the worst case, does not take place at all. Change management therefore cannot start with the design of the change itself, but must also show prerequisites for recognizing the necessity of change and implementing it in appropriate action.
4. *Why does intended change often fail?* Even if change is initiated in time, its implementation in practice is often accompanied by considerable difficulties, up to the complete failure of the project. Understanding the causes of these problems is of utmost importance in order to identify the right and important success factors and also to understand why they are important. In this respect, this question points directly to the final and decisive fifth question.
5. *What are the success factors of change?* Identifying the aspects and techniques that are crucial for successful change determines the second and more comprehensive part of the book. These success factors are almost always treated according to an identical scheme, which is intended to facilitate orientation when reading. This scheme includes:
 - (a) An explanation of what is meant by the particular success factor (term);
 - (b) Showing the contribution(s) to success by considering the factor;
 - (c) Specifying the conditions that must be met for the factor to have its full effect;
 - (d) The presentation of selected methods that can be applied at the appropriate point in the context of change;
 - (e) Giving practical tips for implementation, or in many cases, offering a practical check to determine the status quo with regard to the respective success factor.

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Triggers of Corporate Change

2

The need for corporate change can be caused both externally and internally. Externally, companies are faced with an increasingly dynamic environment that requires constant adaptation of their own structures if they want to be successful in the sales markets, but also in the preceding procurement markets. External change is caused by the market environment, politics, technology, ecology, the economy as a whole or institutions, as well as in the markets themselves, for example through increasing competition. To explain internal change, the metaphor of human development is used, which—like corporate development—is characterized by a sequence of growth, crisis and higher maturity. So-called life cycle models for explaining the ongoing maturity process of companies exist, which show the typical development phases as examples. However, change is often necessary because companies often overstretch the straightforward spirit of their efforts when they are successful. Here, too, the reference to the human psyche is established and this phenomenon is analogously referred to as “burn-out.”

2.1 Externally Triggered Change

2.1.1 Companies as Open Systems

If one asks about the triggers of external corporate change, it makes sense to make an excursus to systems theory, which generally considers systems and their exchange with the environment.

A system basically has two components, elements and their relationships to each other.¹ There is a more or less open border to the environment of the system. Companies are now

¹See Reimann et al. (1985, pp. 158 ff.).

so-called socio-technical systems, that is, they consist of social (people) and technical (e.g., machines) elements. Social systems have to solve two problems, that of order and that of stability.² In the case of companies, order is created by their internal organization and by rules on the course of business. A company is stable when the system allows companies to successfully assert themselves on the market, that is, does not plunge them into a life-threatening crisis.

If systems do not completely isolate themselves from each other, by having exchange with their environment, we call them *open systems* (Fig. 2.1). This is true for companies as they are integrated into numerous markets (procurement market, capital market, labor market, and sales market) and they would not be viable without this integration. What is decisive now is that this environment itself does not stand still, but continues to develop. Systems—and indeed companies—can react to this in two ways:

1. They seal themselves off from their environment as much as possible. This variant can also be used as “*hedgehog tactics*” as this representative of the animal kingdom rolls itself up in case of external dangers and shows the enemy the unfriendly spines. Hedgehog tactics only work up to a certain point, as you can see on the hedgehog himself. For thousands of years the hedgehog was able to fend off its natural enemies in this way, but unfortunately this was no longer possible with cars. The hedgehog’s environment has therefore changed too much and too quickly in relation to the possibilities of natural evolution. Hedgehog tactics are even less of an option for companies. Although it is applicable to a certain extent, for example, in the form of statutory patent protection, in the case of a monopoly position or through state barriers to avoid the penetration of foreign competition, companies must, in principle and in the longer term, face cut-throat competition.

“Hedgehog Tactics” at Pharmacies

To illustrate the problem of applying hedgehog tactics in business practice, the example of pharmacies is chosen here. In contradiction to many other countries pharmacies in Germany are still subject to a whole range of legal regulations (mainly documented in the Medical Products Act [Arzneimittelgesetz] and the Pharmacy Operations Regulations [Apothekenbetriebsordnung]) which protect the existence and business of pharmacies, such as:

1. The pharmacy-only medicines;
2. The prohibition on operating pharmacies as larger chains or chapter companies;
3. The obligation to have a qualified pharmacist as owner.

Until 2004, over-the-counter (non-prescription) medicines were also subject to price control and mail-order selling of medicines was prohibited. With all these regulations,

²See Reimann et al. (1985, p. 159 f.).

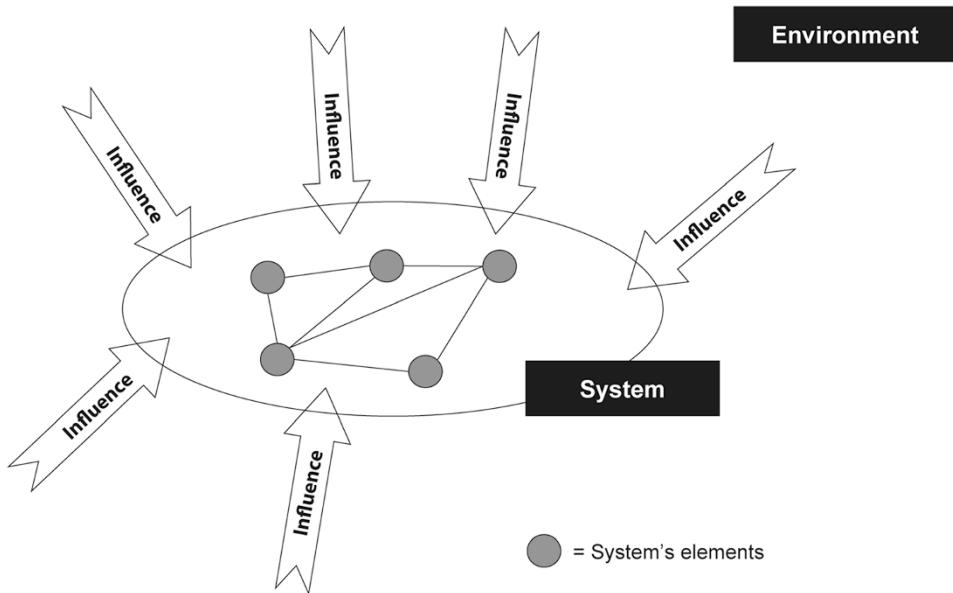


Fig. 2.1 System and environment

pharmacies were thus protected from too much competition. However, this situation has changed with the 12th amendment to the German Medicines Act following the lifting of the ban on mail-order sales and the price maintenance of over-the-counter medicines under pressure from the European Union. The “hedgehog tactics” in the sense of the use of legal protection and the usual defense of the relevant regulations by interest groups no longer functions fully. Pharmacies are facing increasing competition from new rivals in the form of mail-order pharmacies, for example, DocMorris or Apotal, and at the same time previously unknown price wars. Changes in framework conditions, in this case, European integration and the spread of the Internet, can undermine or even completely destroy protected areas of a “hedgehog tactics.” Permanent “protection” is rather offered by more proactive change than by defending “protective walls.”

2. If companies cannot resort to “hedgehog tactics”, then as a system they must necessarily adapt to the changed environment. Adaptation here means that the *order of the system*, that is, the structural and procedural organization of the company, must be changed in some way to ensure successful survival. Since companies are also *social systems*, they do not exhibit complete order. A purely technical system, on the other hand, usually reacts in the predetermined, to a certain extent programmed way. Imagine an ATM

machine for this purpose. If it is operated correctly, the customer will receive the desired amount of money entered via the button, otherwise the card may be withdrawn. In contrast, social systems have a so-called *complexity*, that is, they do have various reaction possibilities, but these are usually limited in scope, otherwise chaos would result. If employees go on strike, for example, management can react by locking out, negotiating or directly giving a pay rise. Basically *social systems* tend to allow as much complexity as is necessary to survive in the face of their environment.³ This means that a compromise must be sought between the ability to change in the form of complexity and order to prevent self-destructive chaos.

In summary, it can be said that in order to survive successfully in the long term, companies must adapt to their environment, since a “hedgehog tactics” does not promise success in the long term.

2.1.2 Increasing Environmental Dynamics

On the basis of the explanations on systems theory in Sect. 2.1.1, the thesis should now be put forward that companies must allow for increasing complexity in order to successfully counter the increased environmental dynamics. To support this thesis, this corporate environment will be examined in more detail below.

In the literature as well as in the practice of strategic corporate management, a classification of the corporate environment has established itself, which occasionally differs in terms of the number of environmental categories, but on the whole provides a fairly standardized picture.

According to this (see Fig. 2.2), six different business environments can be distinguished⁴

1. *The social environment:* It includes hard measurable facts such as sociodemographics, but also more qualitative data on lifestyles or social values.
2. *The macroeconomic environment:* This includes the general economic environment, which affects all companies. Cyclical developments as well as changes in the economic structure are to be subsumed here.
3. *The political environment:* Political framework conditions, political stability, changes in legislation as well as changes in power are the contents of this category.
4. *The technological environment:* The direction and speed of technological progress are decisive information from this segment. Both basic and applied research is of interest.

³See Reimann et al. (1985, p. 160).

⁴See Fahey and Randall (2001, p. 193 ff.).

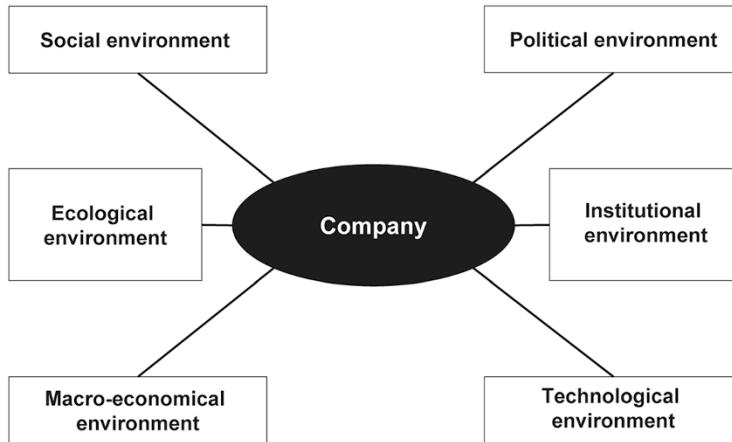


Fig. 2.2 Categories of the corporate environment

5. *The ecological environment:* Changes in climate, flora and fauna, the occurrence or depletion of mineral resources are important issues in this sector.
6. *The institutional environment:* This includes both physical (e.g., transport, telecommunications, electricity) and intellectual infrastructure (e.g., schools, universities, and research institutions).

Even when reading these six environmental categories, one or two references to events in the recent past may come to mind. However, in order to support the thesis of increased environmental dynamics, a few examples will be given:

1. *Ageing society:* This sociodemographic development which is visible in many industrial societies, is a fact that is foreseeable but not easy to handle. Simulations commissioned by the Federal Government of Germany have shown that even on the basis of positive assumptions regarding immigration, there is a considerable deficit in terms of population development in the long term. This is impressively demonstrated by the Federal Statistical Office's future projection of the age pyramid for the year 2050 (See Fig. 2.3). Thus, the concept of *age pyramid*, which was figuratively meaningful at the beginning of the twentieth century, was finally taken ad absurdum.
2. *Climate change:* The topic of climate change, which has been discussed in the media and science for years, is increasingly becoming part of people's everyday lives. 2018 was the warmest year in Germany since weather records began while 2019 was the warmest year in Europe. Companies are also increasingly affected by climate change. This is due to a significant increase in natural disasters and extreme weather conditions, which directly affect the insurance industry, for example. One of Europe's leading reinsurer, Munich Re, has calculated that extreme weather events and natural catastrophes, such as hurricanes or the drought in Europe, will cause losses of US\$



Fig. 2.3 Age pyramid forecast for 2050. Source: Statistisches Bundesamt (2006)

56.9 billion in 2018. The company regularly measures this value and is confronted with a permanent increase in these costs.⁵

3. *Spread of modern communication technologies:* They provide a particularly striking illustration of change in both the technological and institutional fields. Taking Germany as an example, the year 1877 can already be considered the beginning of operational fixed network telephony. By 1925, there were already about 2.5 million telephone connections in Germany, by 1955 just under 4 million (in the then Federal Republic of Germany) and by 1985 almost every household in West Germany had a telephone.⁶ The spread had thus taken about 100 years in total. The situation is different with mobile phones: although mobile phones have been around for some time, they were so heavy that they could only be used as car phones. The first mobile phone of newer coinage, that is, with GSM standard and therefore lighter and handier, was launched by Motorola in 1992. At the same time, mobile telephone networks (D networks) were set up in

⁵See Wirth (2019).

⁶See Statistisches Bundesamt (1987, p. 57).

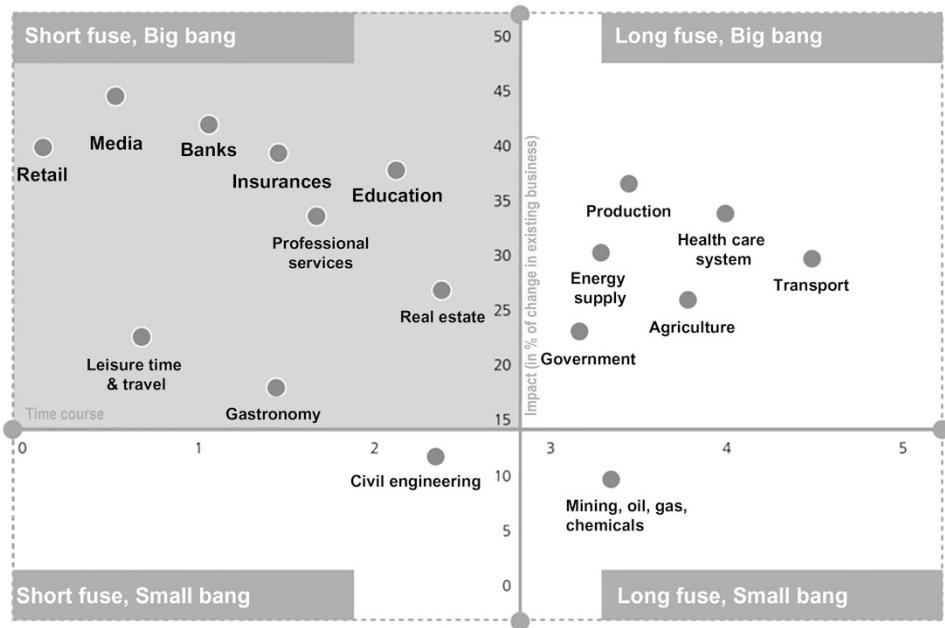
Germany. Already in 2008, the number of mobile phone connections in Germany was more than 100 million, which means that on average every German had more than one mobile phone connection (the parallel use of different tariffs was cited as an explanation for this). The spread of mobile phones thus took about 15 years. The smartphone, as the successor to the mobile phone, began its triumphal procession in 2007, with the launch of the first Apple iPhone. According to the industry association Bitcom, however, sales of smartphones in Germany have already been declining again, since 2016. The Internet also shows that technologies today are spreading faster than ever before. The World Wide Web in its current form, that is, accessible to the general public with a graphic browser, has only existed since 1993. Fifteen years later, in 2018, according to a study by German broadcasters ARD and ZDF, 54 million Germans (of about 83 million in total) were already using the Internet every day. Social media like Facebook or instant messaging services like WhatsApp have become an integral part of everyday life. More and more everyday products are becoming “smart,” whether it be household appliances or the car. In order to understand the rapidity of these developments, it is helpful to remember that friends and acquaintances in 1989 could not be informed about the fall of the Berlin Wall via mobile phone or e-mail.

4. *Increasing digitalization of the economy:* In the coming years, digitalization will lead to drastic changes in companies, terms such as Internet of Things, artificial intelligence or Big Data may serve as evidence of this. These technologies will lead to the replacement of traditional business models by digital ones and to an increasing digitalization of internal company processes and the interface to the customer. In 2015, the consulting firms Heads and Deloitte conducted a study to determine how strongly different industries will be affected by digitalization (Fig. 2.4). A distinction is made between the extent of the change brought about by digitalization (big or small bang) and the speed with which digitalization changes industries (short vs. long fuse). As can be seen, industries from the service sector are particularly affected. An area that affects the majority of companies and jobs in so-called industrialized countries.

A number of other developments could easily be addressed, such as the Brexit (Great Britain’s exit from the European Union) from the political sphere or the “change in values”⁷ from the social environment. However, the dynamics with which corporate environments in the twenty-first century differ from those of the 1960s, 1970s and 1980s of the past century should also be sufficiently clear. The acronym VUCA is becoming more and more popular to denote such a dynamic business environment. VUCA stands for an environment characterized by four aspects: volatility, that is, rapid change, uncertainty regarding the future direction of development, complexity with regard to the interaction of the environmental components involved, and ambiguity, that is, ambiguity in the interpretation of information.⁸ Consequently, in surveys companies also indicate that the multitude

⁷See Klein (2008, p. 30 ff.).

⁸See Mack and Khare (2016, p. 5 f.).



*Based on analysis from Heads! and Deloitte Digital

Fig. 2.4 Impact of digitalization on different industries (Deloitte Digital GmbH and Heads! Executive Consultancy 2015)

of external changes in such a VUCA environment is the most important trigger for corporate change. In Capgemini's change management studies, this category has consistently ranked first among the "change causes" since the first study in 2003.⁹

2.1.3 Reactions to Environmental Changes

If companies are open systems, as shown above, and at the same time the dynamics of environmental change are increasing, they are inevitably forced to react. Optimal in this context would of course be a so-called *proactive approach*, that is, the initiation of change before its necessity becomes apparent. This is not always easy for two reasons: On the one hand, changes in the environment are usually not easy to predict—see the COVID-19 crisis. On the other hand, it is not in the nature of human beings, nor is it in the nature of social systems, to perceive problems proactively and initiate change. The reasons for this will be discussed in Chap. 3 in detail. If the necessary change is not made or if it is introduced too late, the system is no longer sufficiently adapted to the company's

⁹See Capgemini (2012, p. 16).

environment. This can be expressed in the fact that, for example, required resources are not available, such as sufficiently qualified personnel, financial resources or even materials and raw materials. Even more frequently, the consequence will be that companies will have problems selling their products and services. The reason why this is the more frequent and serious case is that the sales market in the postmodern industrial society is the number one bottleneck in the value chain. As a rule, there is a sufficient range of goods on offer, also due to the numerous competitors, and the customer has the free choice to buy where he likes. A lack of adaptation to change thus inevitably leads to corporate crises and, at the latest when this happens, corporate change will also have to begin. If the thesis of an accelerated business environment is correct, such crises should occur more frequently today than in the past. It is not only the effects of the COVID-19 crisis that teach us that this is the case and that apparently companies that have been safe yesterday, can still be threatened by bankruptcy. Even before the COVID-19 crisis, this tendency could already be read, for example when considering the profit fluctuations of large companies. For example, the yield fluctuations of the “Standard & Poors 500” companies have increased by almost 50 % over the last 40 years.¹⁰

So what is successful today is not necessarily so tomorrow. In addition to changes in the market environment, comprising technological, political, social or economic change, market-immanent developments are also responsible for this phenomenon. Four factors can be cited in this respect:¹¹

1. *Imitation:* Regular benchmarking of competitors, easier access to information via modern communication technologies and globalization in general, ensure that successful strategies lose their uniqueness ever more quickly. A company like the American coffee house chain Starbucks, for example, already had imitators in some countries before the original even entered the market.
2. *Displacement:* This phenomenon refers to the fact that good strategies are replaced by better ones. Apparently, the “joy of experimentation” in the sense of testing new business models has grown strongly. Proof of this is the large number of companies that have succeeded in the past one or two decades in transforming newly founded companies into corporations of global importance. Often, but not always (see e.g., Starbucks), this has had to do with further developments in the field of communication and information technology, as the examples of eBay, Google or Facebook show. Google, for example, is of particular interest in this context because it almost completely replaced existing search engines—Lycos was the market leader at the time—in a very short time. The Blackberry, which replaced the palmtop as a handheld computer in a very short time, is another good example. This device itself was subsequently almost completely displaced by the iPhone (Apple). And examples can

¹⁰See Hamel und Välikangas (2004, p. 7).

¹¹See Hamel und Välikangas (2004, p. 14 ff.).

also be found in the area of social networks. For example, the StudiVZ network, which specializes in students in German-speaking countries and was initially extremely successful with over 2 million users, was almost completely replaced by Facebook after just a few years. StudiVZ was only founded in 2005 together with the equally popular SchülerVZ. In April 2013, SchülerVZ was already closed for good again. And even the software giant Microsoft is threatened by displacement. Since Microsoft did not recognize the trend towards mobile devices in time, Google's Android has for the first time, lastingly shaken the decades-long dominance of operating systems in the form of Windows.

3. *Exhaustion*: Product life cycles are increasingly tending to have steeper growth phases, but hardly any extended maturity phases. In other words, markets literally explode, but are exhausted more and more quickly or even disappear again. One example of rapid market exploitation is mobile connections, the development of which is described above (See Sect. 2.1.2), was already quite a lot to read. Relatively soon after the emergence of this market, almost 100 % coverage was achieved and fierce competition for market share began. The same thing happened with the following smartphones. That markets can disappear as quickly as they emerge is demonstrated by the many “hype products,” such as the recent “unicorn wave.”
4. *Cannibalization*: In particular, the spread and commercial use of the Internet has further increased market power on the customer side. Almost complete price transparency at the push of a button via the numerous comparison portals has perfected the market mechanism and thus deprived suppliers of market power. The result is a tendency to price and discount battles, of a kind never seen before. As a matter of fact, more and more new occasions for so-called “sales” are born or imported, such as the recent “Black Friday Sale” which came from the US to many other countries in the world.

In summary, it can be said that externally triggered demand for change—whether generated by the market environment or the market itself—will continue to play a significant role in the future and will tend to increase in importance.

2.2 Internally Induced Change

2.2.1 The Metaphor of Human Development

In addition to the change triggered by external influences, there is a second cause for the need for change, which is based on internal development processes. To understand this in more detail, it is helpful to compare the growth and development of companies with that of human beings. In a figurative sense, this means that companies also show something like puberty and a midlife crisis. We know from human beings that the successful overcoming of such development crises usually lead to higher maturity and this can also be claimed for the development of the company. The general difference to externally triggered change is

that there is no need for external impulses for change. Instead, growth of the company alone triggers a situation that results in crisis symptoms and requires change.

2.2.2 Life Cycle Models

The internal development processes of companies described in Section 2.2.1 can ideally be divided into phases, as empirical studies have shown. In particular, two models for the so-called life cycle of companies have become more widely known, the model developed by Lievegoed¹² and that of Greiner.¹³ Although the two models differ in detail, a large degree of agreement can be observed with regard to the main phases of company development (Fig. 2.5). Roughly speaking, three main stages can be distinguished, each of which leads to specific crisis phases before further development takes place:

1. *Pioneering phase*: In this start-up phase of companies, the company founder usually dominates and is a kind of head of the family over the company. Below its position, there are hardly any pronounced structures. Improvisation and direct communication between the founder of the company and his employees characterize the picture. Often the proverbial creative chaos prevails at first, or the company founder limits this chaos with a rather authoritarian management. In most cases, there is a relatively close personal relationship with the customers as well as with the employees. Customer wishes are taken into account directly and unbureaucratically, products and services are still little standardized. If the company now grows strongly, also because of creativity and customer proximity, this type of management naturally reaches its limits and an internally caused crisis develops. This manifests itself symptomatically on different levels. This means that personal contact with all customers via the company founder can no longer be maintained, and the markets are therefore becoming increasingly anonymous. It is also possible that the technology used in the products or, more generally, the know-how required to provide the service may exceed the company's competence profile. This is particularly true when increasing automation of production or administrative processes is required to cope with growth. Some employees will also no longer be satisfied with the fact that they have no management responsibility. At the same time, the number of employees becomes so large that managers below the company founder are needed to coordinate activities, because he can no longer maintain personal contact with everyone. In order to eliminate these crisis symptoms, it is necessary to reach the next phase of development, the differentiation phase.

¹²See Lievegoed (1974).

¹³See Greiner (1972).

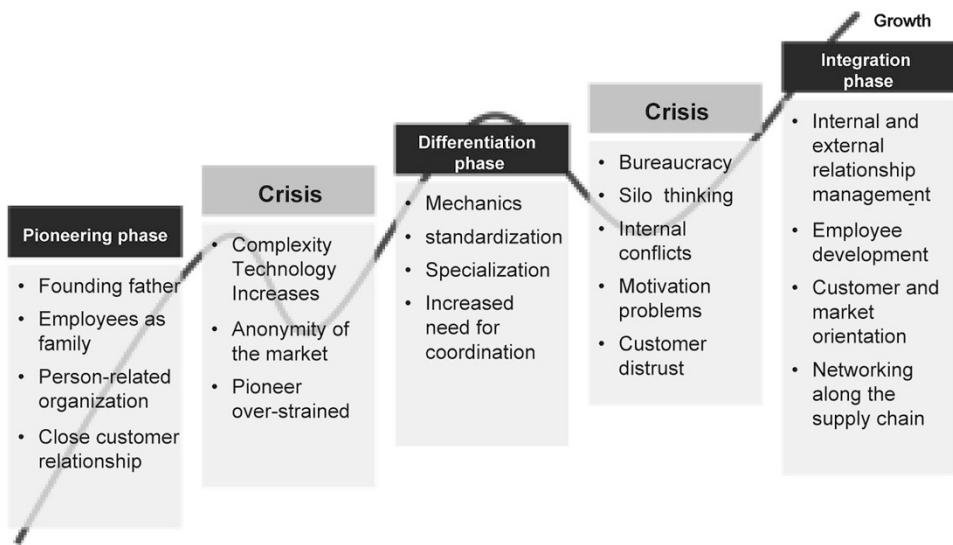


Fig. 2.5 Life cycle of the company (mainly based on Lievegoed 1974)

Company Development at eBay

The early history of the company eBay provides a good example of the pioneering phase in the transition to the differentiation phase. In the founding years of eBay, an absolutely unconventional and all the more creative atmosphere prevailed. New employees had to assemble their own furniture, for example. During lunch breaks, nerf soccer (soccer with a softball) was played in the corridors—and when there was little going on, the founder, Pierre Omidyar, went to cinema with his employees. As the company grew rapidly, Omidyar was forced to hire professional management. Suits appeared and the organization and corporate culture changed towards a normal large company with defined tasks and processes and at the same time less spontaneity.

2. *Differentiation phase:* The organizational problem of the grown company is now overcome by the founder delegating tasks and responsibilities. Specialized departments are emerging with their own managers at the top. In order to enable coordination between these new areas, a higher degree of standardization of procedures is also required. In the production of goods and services, the growth in market size enables the use of more efficient technologies, for example, larger machines. However, this phase ends in a bureaucratic crisis, which leads to a phase of tension when the mechanisms described above become excessive. Communication barriers between the departments up to war-like conflicts now dominate the picture. As a result, there is no longer sufficient coordination between the divisions, which leads to inefficiencies. Since you now focus on yourself and your department in the “fight” against the others in the

company, customer and market orientation inevitably suffers. Customers are thus becoming increasingly distrustful and turning their backs on the company. The company can only survive now through integration.

3. *Integration phase:* This last phase can be overwritten with internal and external relationship maintenance. On a higher level the original human togetherness is now being restored. A participative internal management style is just as much a part of this as the cooperative formation of networks with suppliers and customers. The company invests in its employees through personnel development measures and at the same time has an ear to the customer in order to further develop its product, albeit now standardized, according to the customer's wishes.

Overcoming the Bureaucratic Crisis at Procter & Gamble

A good example of the bureaucratic crisis and how to overcome it can be found at Kotter¹⁴ to the paper product division at Procter & Gamble. In the mid-1980s, this sector, which produces the famous Pampers nappies, among other things, had to contend with sharply declining market shares. Richard Nicolosi was then hired as the new General Manager for the division. What he found in his new place was a bureaucratic and centralistic organization that was primarily concerned with internal functional goals and projects. Almost all information on buyer behavior came from highly quantitative market research. The technicians were rewarded for savings in manufacturing costs, and the sales force was only concerned with mass and market share: In practice, both groups were almost at war. What Richard Nicolosi did to break out of this situation was above all to break up the rigid structures. The organization was decentralized by forming cross-functional teams for individual product categories, which were allowed to act flexibly like a company within a company. In addition, teams were set up for new products to be developed, which above all were to break new ground in innovative ways. Teamwork replaced divisional egoisms and the focus was now more on the market and customers. Over a four-year period, these measures increased turnover by 40 % and profit by as much as 60 %.

2.2.3 The 'Burn-Out Syndrome' in Companies

If we stick to the metaphor of human development from Sect. 2.2.1, the psychological exhaustion phenomenon of burnout can also be transferred to companies. According to studies by Probst and Raisch, 70% of corporate crises arise internally from success and are not caused by a change in the environment. Four reasons are given for this:¹⁵

¹⁴See Kotter (n.d., p. 13).

¹⁵See Probst and Raisch (2004, p. 38 ff.).

1. *Excessive growth:* The problem here often lies in increasing debt quotas in order to finance excessive growth. Often in the form of costly mergers and acquisitions. If the mergers do not function as planned, which is not uncommon in practice, or if bad economic times break out, insolvency often results, because interest and repayment obligations are too high.

Excessive Growth at Schaeffler

An example of such excessive growth is provided by the German automotive supplier Schaeffler. In 2008, the originally rather medium-sized company tried to take over Continental, a corporation with the same industry, with the help of outside capital. With the onset of the economic crisis in 2009, Schaeffler would almost have been wiped out by its unnecessary debt burden. In 2011, the company sold larger shares in Continental in order to free itself from its financial predicament. The takeover of the much larger competitor was thus finally closed.

2. *Uncontrolled change:* Once saturation has occurred in the core business areas, diversification is carried out without planning in order to generate new growth areas. Apart from flops in these attempts, the entire organization is also overloaded and collapsed by the constant change.
3. *Too powerful corporate management:* A dominant, seemingly visionary and self-confident person, who may well be successful in the beginning, acts rather uncontrolled at the top of the company. Growth visions are believed and followed uncritically, with the corresponding consequences.
4. *Exaggerated culture of success:* In terms of success, companies are moving away from the efficiency postulate; they are being too generous and paying excessive salaries and social benefits. If these are shortened or have to be shortened, the result is often a lack of understanding and demotivation on the part of the employees, with considerable effects on the service provided.

Corporate Management at DaimlerChrysler too Powerful

The history of DaimlerChrysler, a company formed from two automobile groups, today again Daimler AG, can serve as another “good” example of a home-made crisis in case of success. Too powerful corporate management, in the case of former CEO Jürgen Schrempp, led to exaggerated growth visions here, which had an extremely negative impact on the earnings and liquidity situation of the company not only in the “adventure” of the Chrysler takeover, but also in the investment in Mitsubishi.

2.3 Practice Check

At the end of this chapter, it is a good idea to take a look at the external and internal situation of your company and thus assess the need for change.

Assessment of External Conversion Needs

It is advisable to determine the relevant impacts for your own company and the market in which you operate in relation to the six environmental categories in Sect. 2.1.2 for research. If you are looking for a compact summary of the influences here, we recommend the book “Das Zukunftsradar” (The Future Radar) by Pero Micic,¹⁶ which contains in compact form the most important trends from the most diverse areas. It is advisable to take a look at all trends, even if at first glance they may not seem to have any significance for your own business. This assessment may well change on closer inspection. Once you have filtered out the relevant trends—it is advisable to limit the list to the 6 to 12 most important ones for reasons of efficiency—you should note down for each of these trends what the possible or probable influence on your own company could be and what need for change results from this.

Assessment of the Internal Conversion Needs

In order to assess whether there is an internally generated need for change, it is necessary to examine whether one is at the end of the first two phases of the company life cycle described above. If at least three of each of the following symptoms applies, there is a need to actively develop the company towards the next phase:

Symptoms of the outgoing pioneer phase:

- The management increasingly does not know the customers personally.
- Investments are required in technologies and know-how that were previously not available in the company.
- The management increasingly does not know the employees personally or is no longer in permanent personal contact with them.
- Employees are often dissatisfied because they would like more responsibility.

Symptoms of the outgoing differentiation phase:

- Coordination problems arise between departments or functional areas, necessary cooperation does not take place or is insufficient.
- Planning inefficiencies occur due to a lack of coordination between departments (e.g., excessive stock levels or delivery bottlenecks).

¹⁶See Micic (2006).

- Departments or company divisions work against each other or enter into open conflict with each other.
 - There is a main concentration on the partial goals of departments or divisions, the overall goal of the company takes a back seat.
 - Customer complaints increase and customer loyalty decreases.
-

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Barriers to Change

3

This chapter shows that in practice often necessary changes in companies are not carried out, although the necessity is obvious. This phenomenon can be explained by findings from four different areas. Psychology teaches that people avoid or devalue information that contradicts their previous attitude (avoidance of cognitive dissonance) and that they only look for alternatives when real dissatisfaction has occurred (satisficing). Organizational theory has proven that large bureaucratic corporations hinder change just as much as excessively strong corporate cultures. More or less rational cost arguments often stand in the way of necessary changes and finally, the situation can be so complex that one shuns intervention. However, since standstill normally leads to failure, it is important to overcome these obstacles and to dare to change.

3.1 Typical Behavior of Companies in Crisis Situations

Chapter 2 has made it clear that in today's times of increasing market dynamics and rapid upheavals in the technological, political and social environment of markets, change is likely to be the rule rather than the exception. Nevertheless, it is not uncommon for companies to fail to meet this challenge, or to meet it only inadequately. This chapter will systematically examine the causes of this inertia of change.

In order to remind ourselves that necessary change often fails to materialize, a few examples from the recent past are given here:

Examples of Missed Business Change

Loewe, a German manufacturer of high-end designer televisions, entered into a threatening corporate crisis from 2003 because it assumed that even with high-end TV sets, it would still take many years before the transition from tube to flat-screen TV fully occurs.

Managers were surprised by the market dynamics, with one third of new TV sets already having flat screens in 2004, measured by the value of the sets. The fact that the company's own production capacities were essentially geared to picture tube sets was all the more striking. It was only thanks to the entry of the world market leader in flat screens, Sharp, that the company was initially saved. However, in the years that followed, it was not possible to find a fundamental way out of the strategic crisis, despite announcements that often sounded contradictory, so Loewe filed for insolvency in October 2013.

The American photo film producer Eastman Kodak, an international giant on the market, faced a huge crisis in 2005 because it was surprised by the rapid spread of digital photography. Color films, the company's core business, were hard to sell at an alarming rate, but new replacement markets could not be found overnight. As a result, Kodak also ended up in insolvency at the beginning of 2012, from which it was released in August 2013. Now, however, with a completely new business model in which Kodak, as a technology provider, concentrates on digital image processing and printing systems for business customers.

The American car industry, led by General Motors and Ford, has been in serious trouble for years because they had not taken into account the effects of rising fuel prices due to scarcer supplies and increased environmental taxes. In terms of energy efficiency, engines are lagging far behind their Japanese competitors in particular. The result is losses running into billions, even bankruptcies.

The Finnish technology group Nokia was the world market leader in mobile phones for more than a decade. Part of the company's strategy was to always come up with technological innovations and also to set benchmarks in design. However, with the market entry of the American IT giant Apple and its iPhone, the market changed fundamentally. Not only did Apple achieve even higher scores in terms of design and brand image, but they were now ahead of Nokia in technologies such as the touch screen, but "only" on the market. In its development laboratories, Nokia had produced similar user-friendly devices with touch screens years earlier, but had clearly overlooked the potential in connection with mobile Internet services. In autumn 2013, Nokia's mobile phone division was sold to Microsoft, which in turn sold the division on in 2016, but retained technological patents and licenses. With the technological know-how it has acquired, Microsoft is now trying to follow the trend toward tablet PCs with its own products.

It appears that the companies listed did not recognize the signs of the times and have therefore fallen into more or less severe economic difficulties. What is surprising is that the factors causing the crisis were not developments that were difficult to predict. Rather, they were based on trends that even the trained layman could have easily predicted.

If the behavior of the above companies seems to surprise, the reality of change management has shown time and again that this is more a typical form of (non-)reaction, for which further examples could easily be found. In a study on this subject, Kraus and Haghani come to the conclusion that more than two thirds of companies only show reactions to threatening changes in their environment after a slump in profits and sales

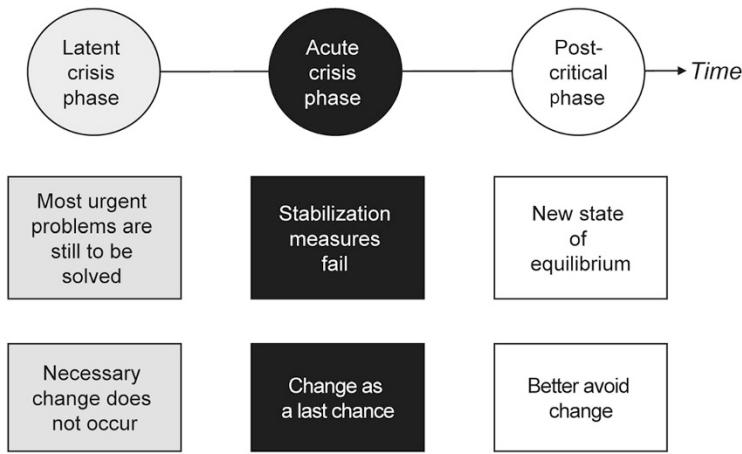


Fig. 3.1 Three typical phases of a company's crisis-prone development

has already occurred.¹ Figure 3.1 accordingly shows the depiction of typical phases of a company's crisis-prone development.

Obviously, the acute crisis is needed to shake up those responsible, and initiate action. Unfortunately, however, in many cases this point in time is too late. Once the pressure to act is huge, the room for maneuver is usually already severely restricted, as the examples mentioned at the beginning also teach us. Figure 3.2 shows this unfortunate circumstance for those taking action. There are many reasons for this. If the crisis has occurred, it is usually accompanied by a strained financial situation. Monetary leeway that would make it possible to react to the crisis with new products, technologies or the development of new markets is diminishing. Even if these financial resources are available, it appears that some competitors have already taken a step forward. Trying to catch up with them can end up in a race in which you are always lagging behind without ever reaching the competitor. Failure to catch up may also result in a loss of brand image or access to distribution channels.

Refraining from change can therefore be expensive and often have consequences that threaten the very existence of the company. But how is it that companies, which are run by experienced managers and may even seek expert advice, do not take apparently easily foreseeable developments into account?

The present chapter is intended to provide an answer to this question. It will be shown that often a mixture of several factors is responsible, which are to be found in the area of the acting persons (individual causes), the company as a whole (collective causes), misunderstood cost avoidance (economic causes) or an uncertainty about the effect of change measures (complexity). The following sections deal with these packages of causes step by step and show the individual mechanisms that inhibit the necessary change.

¹See Kraus and Haghani (2004, p. 16).

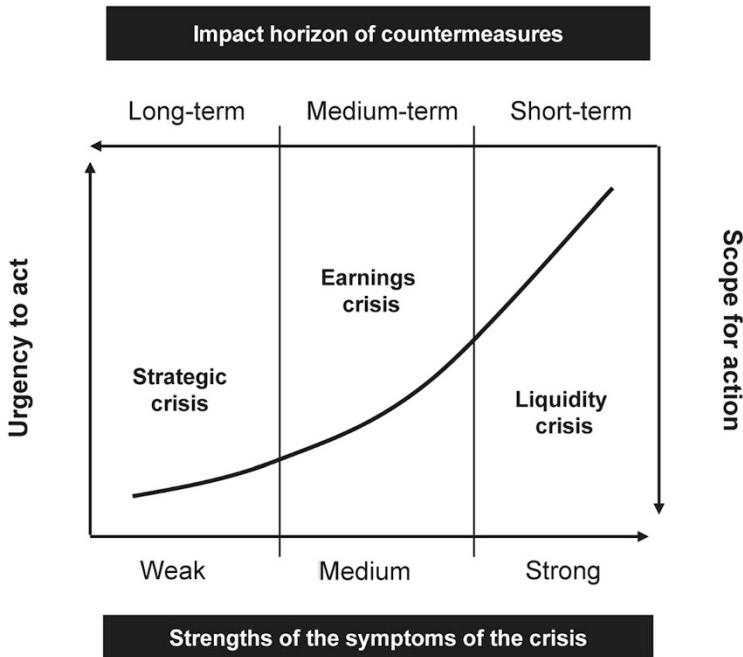


Fig. 3.2 Pressure to act and scope for action in crisis situations (based on Kraus and Haghani 2004, p. 16)

3.2 Individual Causes

Companies are run by people. This means that the laws of psychology apply to them as well, which teach us that humans tend to avoid decisions. This applies to business decisions just as much as to other decisions in everyday life. From a behavioral science perspective, two approaches can be used to explain such a decisional delay: (1) the concept of *avoidance of cognitive dissonance* and (2) the so-called *satisficing -behavior*.

1. Avoidance of Cognitive Dissonance: The theory of avoidance of cognitive dissonance was first developed by Leon Festinger² and is one of the fundamental insights of cognitive psychology. In essence, it says that people strive to have a world of thought that is as harmonious as possible, in which the contents of consciousness (cognitions) do not contradict each other. If contradictions occur in the world of perception, people perceive this as a tense, unpleasant state, which they try to avoid. The recourse to one of the company examples described at the beginning of the chapter should clarify this. If a

²See Festinger (1957).

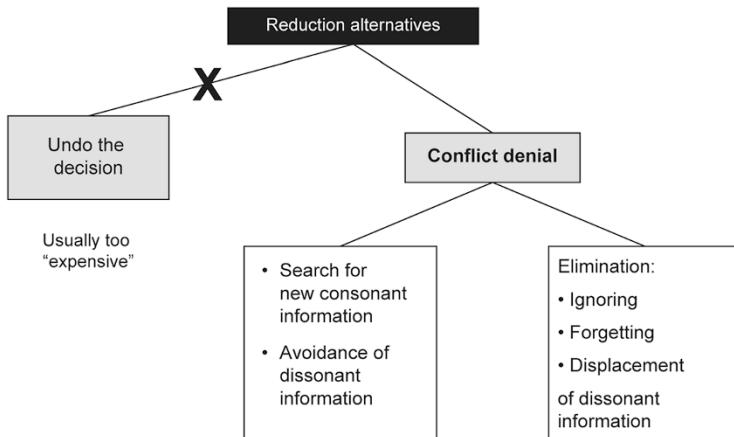


Fig. 3.3 Conflict denial according to the theory of avoidance of cognitive dissonance

company produces photographic film material, as in the case of Kodak, information that in future analogue photography will be rapidly replaced by digital photography must be perceived as contradicting the company's previous assumptions and actions. Acceptance of this information would mean that most of the previous decisions and attitudes would have to be changed. This is a relatively high price. The theory of avoidance of cognitive dissonance now postulates that people generally avoid this price. Psychologically, it is less costly if the existing conflict is denied. There are two main mechanisms for this (see Fig. 3.3):

- (a) On the one hand, the individual threatened by dissonance can try to simply fade out, virtually eliminate the dissonant information (e.g., the rapid spread of digital photography). A number of conscious and unconscious "techniques" are available for this. In some cases, research has shown that this information is simply not perceived or forgotten.
- (b) Or another frequently chosen "strategy" is preferred, which consists in devaluing dissonant information, for example by questioning the competence of the source. The second basic way of reducing mental pain through dissonant information is to actively search for information that supports previous thinking, so-called consonant information. This leads, for example, to choosing only interlocutors or consulting experts from whom one knows in advance that they agree with one's own position. Sources of information from which one expects dissonant news are actively avoided. The theory of avoiding cognitive dissonance is also a good way of explaining why, in acute phases of crisis, change does occur after all or at least the insight into its necessity. For if the amount of dissonant information exceeds a

level at which it is psychologically “cheaper” to give up previous positions than to hold on to them by avoiding or denying reality, a radical change in thinking takes place.

2. *Satisficing behavior:* Satisficing refers to a type of behavior from the field of so-called *bounded rationality*, described by the Nobel Prize winner in economics Herbert A. Simon.³ Behavior is considered to be of bounded rationality if it is characterized by the attempt to act rationally, but this rationality is restricted by limitations of the human brain’s ability to think and perceive. The basis of these considerations is the fact that the human brain is only capable of simultaneously processing five to nine sensory units.⁴

If an individual now goes to the limits of this processing ability, this automatically means the triggering of psychological stress. As a consequence, humans programmed to avoid stress naturally try to avoid complex thinking. In contrast, however, the doctrine of rational decision-making requires an approach in which many decision alternatives are researched and simultaneously tested using numerous relevant criteria. According to the bounded rationality, reality is, however, rather characterized by the fact that a mostly sequential examination of only already known decision alternatives is carried out by means of a few criteria (see Fig. 3.4).

If one applies this to decision-making practice, for example in the case of a car purchase, only the already known models and brands are taken into consideration and the decision is made on the basis of a few criteria only (such as price, design and fuel consumption). As a result of this process, people choose the first-best alternative that meets a certain level of expectation, which ensures satisfaction (satisficing) but by no means optimization. Additionally it is of considerable importance for the purposes of change management that people only start looking for alternatives when a significant dissatisfaction in terms of deviation from this satisfaction level occurs. This leads, however exactly to the state of the delay of change, which formed the initial thesis of this chapter. Apparently, the human species by its very nature does not tend to act proactively, that is, to initiate changes before their necessity becomes obvious to everyone through problems. As the next section will show, the social structure in organizations and thus also in companies is more supportive than corrective in this misbehavior.

³See Simon (1982).

⁴See Zimbardo and Gerrig (2004, p. 303 f.).

Optimization behavior	Satisficing
Many decision criteria considered	Limitation to a few decision criteria
Simultaneous review of numerous decision alternatives	Sequential testing of a few, mostly known alternatives
Dedicated examination of all alternatives	Superficial inspection of the alternatives
Calculation of an optimal solution	Search for a satisfactory solution

Fig. 3.4 Optimal decision-making behavior in contrast to satisficing

Self-Test for Bounded Rationality

Carry out the following experiment for yourself: Read through the following series of numbers once, then cover them up and write down the memorized numbers in the correct order.

8 1 7 3 4 9 4 2 8 5

How many numbers have you memorized in the correct order?

As a rule, it should be between five and eight numbers. Our brain cannot process more information simultaneously. By the way, this also explains why the four-field matrix is so popular, because here the observer only has to understand two dimensions and four fields simultaneously, that is, a total of six pieces of information, a challenge that can be met even with medium talent.

3.3 Collective Causes

Companies as social entities can be subjected to a double consideration: On the one hand, by looking at their formal organization, the part that officially regulates the relations between the members of a company. On the other hand, in addition to the official, formal phenomena, the informal, not explicitly apparent rules of conduct are more important in cases of doubt. These informal codes of behavior and thinking, which are not usually written down, are also known as *corporate culture*. Under certain circumstances, both these sources can induce inertia in the acceptance of necessary change, as will be shown in the following.

1. *Barriers to change through formal organizational criteria:* Empirical Studies⁵ have investigated the conditions under which organizations tend to avoid change. According to this, such organizations are characterized by a high degree of centralization and highly formalized processes. At the same time, status and income differences in the hierarchy play a significant role. These organizational principles are often accompanied by a high production volume (i.e., mass production) and a predominance of the efficiency objective, for example in the form of a pronounced cost orientation. Summarizing the findings, the image of a traditional mass-produced goods manufacturer trying to defend market shares with conventional products and whose management is characterized by a high degree of bureaucracy opens up before you. Such organizations are relatively rigid because, on the one hand, change can and may only be initiated by the hierarchically upper headquarters, and on the other hand, compliance with existing rules (bureaucracy) is the top priority.
2. *Inhibited change through strong corporate cultures:* In addition to hard organizational criteria, soft factors in the form of corporate culture also play a significant role in explaining delayed change. Today, a strong corporate culture is recognized as one of the key success factors for successful corporate management. This thesis is particularly postulated by the so-called 7-S model of Peters and Waterman,⁶ which names seven success factors beginning with the letter "S", with "shared values", that is, culture, at their center. This emphasizes that uniform values of the members of a company facilitate communication among each other, simply by speaking the "same language" in a figurative sense, fewer conflicts occur, increased motivation is generated by a homogeneous environment, expensive sick leave and even more expensive fluctuation are reduced and explicit control of employees can be largely avoided.

These positive effects become all the more apparent the *more* pronounced a corporate culture is. The strength of the culture depends on three factors:⁷

- *The conciseness of a culture:* This factor includes, on the one hand, the fact that corporate culture regulates almost all areas relevant to the daily activities of a company through the norms and values of the culture. On the other hand, conciseness also means the enthusiasm of the people involved in the culture as such.
- *The degree of diffusion of the culture:* A culture is widespread when almost all members of an organization share it, that is, act according to the same patterns of values and norms.
- *The anchoring depth:* Cultures are particularly effective when their rules are followed without conscious thought. Psychologists speak of internalization in this case. As a rule, the earlier in life norms are internalized, the more internalized they are. For this reason,

⁵See Hage and Aiken (1970).

⁶See Peters and Waterman (1982, p. 32).

⁷See Steinmann and Schreyögg (2002, p. 634 f.).

companies with strongly developed cultures often have a tendency to recruit junior management staff directly from the classroom (e.g., at the fashion retailer C&A) or from the university (e.g., at grocery chain Aldi) and to fill management positions later almost exclusively from their own ranks.

With the strength of a corporate culture, however, not only its positive effects increase, but also negative side effects can be observed, which are particularly inhibiting in the area of change management. Strong cultures know only one opinion that is of their strength. Moreover, their members are proud to be part of the respective company. Both are dangerous in that they feed “company blindness”. Basically, a strong culture creates an additional breeding ground for avoiding cognitive dissonance. In the social-psychological literature, this effect is also referred to as groupthink or group thinking.⁸ The established structure is approved of by almost everyone, and those who try to work toward questioning the established structure will at the same time be questioned by the members of the organization themselves, since they are more used to “patting each other on the back”.

Overconfidence at Nokia

The abovementioned example of Nokia can be used here again as proof. For example, Nokia did not recognize the threat to its market position posed by the iPhone even when it was launched. After testing the new competitor’s product, Nokia’s own devices were considered far superior, as they used 3G standards, but the iPhone only used GSM. The iPhone also did not withstand a drop test from a height of 1.5 m, a task that Nokia devices easily mastered. In the end, the product’s features were seen as important purchase criteria where Nokia was superior, and the company closed its eyes to the changed reality so as not to question its own culture of success.

As a result, strong cultures—as can be seen in the example above—often lead to information that contradicts the company’s previous policy and culture being ignored, suppressed or negated. Thus, strong cultures are both success factors and potential failure factors. At best, this ambivalence can be eliminated if change or the questioning of everything that has gone before becomes part of the culture itself. This kind of cultural synthesis is also known as *adhocracy culture* (see Sect. 14.2.2). The strength of the culture here leads to mutual trust and a good working atmosphere. On the basis of this nurturing environment, it is possible to openly address mistakes and conflicts and look for possibilities for improvement. In addition, the individual can take risks—change is always associated with such risks!—without having to fear negative sanctions.⁹

⁸See Werth (2004, p. 302 ff.).

⁹See Stern and Jaberg (2005, p. 69).

3.4 Economic Causes

If non-psychological or organizational factors are responsible for the failure to change, apparently rational, economic arguments are often used to maintain the existing situation. Change is associated with costs, and at the same time change can render investments already made obsolete. Two cost aspects can be distinguished here, firstly the direct costs arising from the change itself and secondly the devaluation of previous investments, for example through non-use. Both will be considered in the following.

1. *Change itself generates numerous types of costs:* These include investments in fixed assets, the introduction of new business processes, necessary training for employees, as well as recruitment, and if necessary, redundancy costs. The general problem with change processes is that these costs are incurred at the beginning of a project or are at least foreseeable. Rarely does it happen that change processes produce less cost than initially assumed; the opposite is more likely to be the case. On the other hand, the benefits of change are uncertain. They are based on the hypothesis that the path to be followed is the right one, an assumption that is not entirely correct in view of the complexity of today's inherently uncertain markets (see Sect. 3.5). It is therefore all too easy to erroneously conclude that change will not happen. However, the opportunity costs of not doing so are ignored. According to the business definition, opportunity costs are costs that do not actually arise but represent revenues that one does not have because one has chosen a different way of using resources. In the case of an unacted change, the opportunity costs consist of the lost revenue from the missed opportunity, or better, its contrast to the current situation. Thus, failure to change leads at best to a satisfactory level of profit, but usually leads to a serious crisis in the long run. The examples at the beginning of this chapter have shown this. It is therefore not rational to refrain from necessary change with reference to the costs. Rather, it is again the case that the costs incurred now are psychologically more evident than the damage not yet incurred in the future. It is therefore advisable to compare both scenarios—with and without change—in the sense of an investment calculation and on the basis of assumptions that are as realistic as possible. While this does not protect against distortions, it generally leads to a more critical and balanced way of thinking.
2. The second cost aspect occurs, *when change threatens to render previous investments obsolete.* Again, it is rather psychologically difficult to let go. It is known from business administration that investments already made are called *sunk costs*. This can be illustrated using the above Loewe case study as an example. One reason for the company not to believe in the rapid replacement of tube TVs by flat-panel TVs was its own investments in production facilities for just such tube sets. A change in company policy toward flat-panel TVs would have made all these systems “useless”. Will they become more valuable if the necessary change is not made? The answer is of course: “No!” Two things need to be considered here. Firstly, adherence to the current production policy will necessarily lead in the long term to a crisis that threatens the existence of

the company, that is, the current production facilities will not be viable in the future either way and will therefore be devalued. Secondly, a change of direction, for example in the sense of moving toward flat-screen TVs, does not necessarily mean that investments made yesterday will be worthless overnight. As long as a positive cash flow is generated with CRT sets—in addition to the newly added flat-screen sets—that is, the payments made for their production are lower than the sales revenues to be generated, the parallel continuation of the investment is worthwhile. Depreciations of the production facilities, as non-cash costs, are not to be included in this calculation, because the payments for them have been made and cannot be reversed—in other words *sunk costs*.

3.5 Complexity

While the factors listed so far, which are responsible for barriers to change, can be characterized for the most part as irrational or at least limitedly rational, this is not necessarily true for the last factor, complexity. Complexity refers to a property of system that makes it difficult to predict precisely what will happen after a change in such a system. In order to understand more precisely what is meant by this, it makes sense to consider companies and the business environment surrounding them as systems (see Fig. 3.5).

Systems consist of elements and their connections. In the case of companies, system elements are, for example, the people in the company as well as the technologies used. Connections represent, for example, the business processes, but also the norms and values shared in the corporate culture. Companies are not isolated systems, but, as described in Chap. 2, necessarily engage in an exchange with their environment. They generate input from labor and procurement markets, they sell products and services on sales markets and exchange information with capital markets in order to provide the necessary financial resources. These different markets, in which companies are involved, in turn do not act in isolation from their own environment. An example of this is the labor market. This is influenced by both the political environment (e.g., education policy, labor market policy) and the social environment (sociodemographic change, change in values, etc.). The economy as a whole naturally plays a role with regard to the available labor force and even technological change cannot be neglected, if one takes into account, for example, the type of application and tendering that is often done online nowadays. The same applies to a similar extent to all the other markets listed above in which a company operates. While all of this may sound quite complex in itself, this assumption is even more true when using an academic definition of complexity.

Systems are complex the more they are characterized by the following three properties:¹⁰

¹⁰See Dörner (1999, p. 58 ff.).

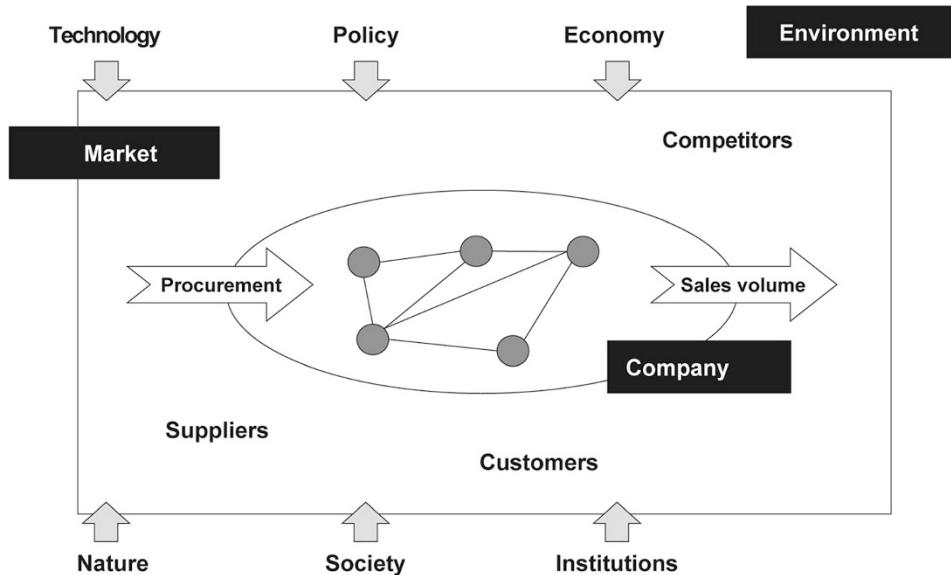


Fig. 3.5 Company and its environment

1. *Networking:* This means that a system consists of many interdependent characteristics. That this applies to companies and their environment is probably sufficiently clear from the above.
2. *Dynamics:* It refers to the fact that reality changes independently, that is, without any action by the company. This is also unquestionably true for the corporate environment (social, technological, political, and economic change). In addition, companies also change internally without any initiated intervention, as shown in Sect. 2.2 in the context of the business cycle theories described there. Last but not the least, almost every company also has competitors who initiate their own actions.
3. *Intransparency:* This characterizes the fact that not all features of reality are known. In view of the complexity and multitude of internal and external company developments, the existence of this third feature for companies can hardly be denied.

In summary, it can be stated that companies and their interdependencies in their environment represent highly complex systems. This means, however, that an intervention in the sense of a desired change can have unforeseeable consequences, both within the company and in relation to its external environment. In the sense of an evolutionary way of thinking in management, it can certainly be argued in such situations that one should act cautiously when changing the existing structure, as one may not have fully grasped the meaning and function of the existing structure or the new could trigger unforeseeable chains of reaction with negative consequences. This argument has its justification; it is not only in business life, but also in sports, for example, under the slogan “Never change a

winning team”. But it applies to “*winning teams*.” where it is not clear why they should not be successful tomorrow with the same strategy and set-up. However, if changed conditions mean that it can hardly be denied that the current strategy—as in the corporate examples mentioned at the beginning of this chapter—cannot lead to success, the risk of change must be taken despite all the complexity. There is no guarantee of success that the new path is the right one, but there is a guarantee of failure for holding on to what is already there. Nevertheless, the fact of complexity teaches us that many small steps of change—provided they are taken before a crisis has occurred—may be preferable to a “big bang”. In the chapter on the success factor “Evolution” (see Chap. 14) will take up this line of thought again.

3.6 Practice Check

The following exercises are intended to help you to critically question whether the necessary changes in your own company has so far been neglected for reasons beyond business rationality.

Avoiding Individual Obstacles

In order to protect yourself from your own “change inertia”, you can do the following exercises:

1. Write in the middle of a sheet of paper a project of change that you have always put off until now. Now group the pros and cons in a circle around it. Try to find at least as many pros as cons. Now evaluate the importance of these arguments by connecting important arguments with a thick arrow and less important ones with a thin arrow to the project in the middle (see Fig. 3.6). Try to be as objective as possible. Now look at the result. Are you still convinced that the project should not yet be tackled?
2. Compare the situation of the company or area for which you are responsible with the goals you once had when you started this position. Are you still satisfied?
3. Take a look at the competitors of your company. How have they developed compared to your company in the past years? Are there any consequences for a necessary change in your area of responsibility?

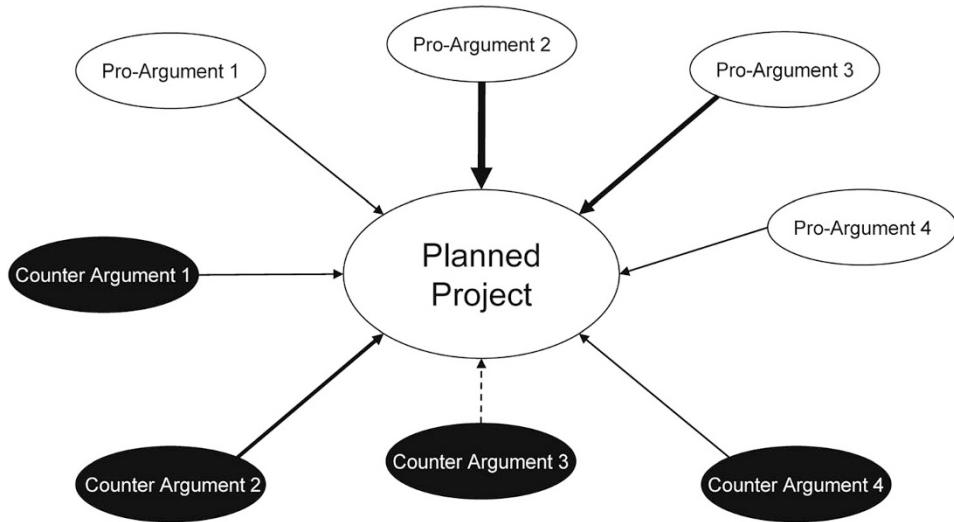


Fig. 3.6 Exercise of “pros and cons of a project of change”

Assessment of the Adaptability of Your Company

In the following you will find a number of statements that can be used to make an initial assessment of whether or not your company is adaptable to change. The adaptability depends largely on the company's organization and culture. In order to gain an initial picture of this, please tick the appropriate box to indicate whether or to what extent the statements made below apply to your company. By the way, it is advisable to submit the test to several people from different hierarchical levels and functional areas in the company. In this way, you will obtain a more valid and balanced picture and avoid personal distortions in perception.

1. Initiatives are launched exclusively by top management			
<input type="checkbox"/> Is given <input type="checkbox"/> Is rather given		<input type="checkbox"/> Is rather not given <input type="checkbox"/> Is not given	
2. Employees in our company strive for promotion in the hierarchy, as only in this way can they earn considerably more.			
<input type="checkbox"/> Is given <input type="checkbox"/> Is rather given		<input type="checkbox"/> Is rather not given <input type="checkbox"/> Is not given	
3. Our company usually offers customer-specific products or services			
<input type="checkbox"/> Is given <input type="checkbox"/> Is rather given		<input type="checkbox"/> Is rather not given <input type="checkbox"/> Is not given	
4. In our company, promotion in the company hierarchy is associated with the acquisition of numerous status symbols (e.g., grotesque bum with an anteroom, grotesque company car, own canteen seat).			
<input type="checkbox"/> Is given <input type="checkbox"/> Is rather given		<input type="checkbox"/> Is rather not given <input type="checkbox"/> Is not given	
5. Conflicts and problems are openly addressed in our company.			
<input type="checkbox"/> Is given <input type="checkbox"/> Is rather given		<input type="checkbox"/> Is rather not given <input type="checkbox"/> Is not given	
6. There is a widespread opinion that we are superior to our competitors and that this will continue to be the case in the future!			
<input type="checkbox"/> Is given <input type="checkbox"/> Is rather given		<input type="checkbox"/> Is rather not given <input type="checkbox"/> Is not given	

Evaluation

Please now allocate points per ticked field. You receive:

- Four points for a cross on the far left,
- Three points for the second cross from the left,
- Two points for the third cross from the left,
- One point for the rightmost cross.

Now calculate the sum of the points and compare the result with the following evaluation:

6–11 Points

Your company is probably not very adaptable at the moment. If you launch an initiative for measures that entail major changes to the existing situation, you must expect considerable resistance. The statements in the following Chap. 4 on difficulties in change management are therefore particularly relevant for you. Change is only possible if a well thought-out change management concept is developed, taking into account the success factors from Chap. 5.

12–17 Points

Your company probably has a moderate willingness to change. Initiatives that do not imply a too radical change are easily implemented and even in the case of radical change there will be not only critics but also supporters. Radical change, however, requires in any case a well elaborated change management concept based on the success factors in Chap. 5, otherwise the resistance of the opponents of change could become too strong.

18–24 Points

Your company is open to change. Employees are curious to try out new things and often start such initiatives themselves. Here it is sometimes more important not to overdo it when it comes to change, so as not to suffer permanent losses of productivity or even chaos.

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Causes of Failed Corporate Change

4

The failure of change processes is by no means uncommon, as studies have shown. For example, in a qualitative survey of German managers from 2014, those interviewed put the failure rate of change initiatives at 70%.¹ In the international context, too, a corresponding rate of about 75% is common as a “rule of thumb”.² This is primarily due to resistance from employees, especially the implementing employees, but also middle management. Resistance that is not directly apparent is problematic in this context. They are mostly based on psychological defensive reactions against unknown influences or loss of freedom, but also on misunderstandings in communication. The manifestation of resistance can range from direct opposition to inner or actual dismissal. Appearance and strength of the resistance depend on the personality traits, but also on the culture of the company. If serious effects of resistance are to be avoided, they should be taken seriously and not be tackled with strong disciplinary measures, as otherwise the counterproductive effect is more likely to occur in the form of even greater resistance.

4.1 Resistance as the Main Problem

Chapter 3 discussed why necessary change often fails to materialize. But even when change measures are taken, success is by no means guaranteed, as shown by the above figures. According to a survey of 1000 companies conducted by the renowned Hernstein Institute, employee resistance is at the top of the list of causes of failed change (see Fig. 4.1). In addition, inadequate process control, a too fast pace of change and unclear objectives play an important role.³

¹ See Kroehl (2014).

² See Eaton (2010, p. 37).

³ See Schott and Wick (2005).

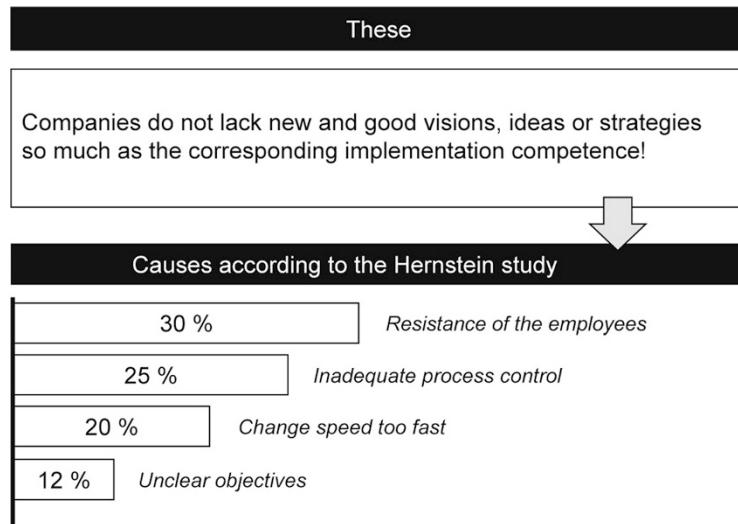


Fig. 4.1 Causes of failed change (Source: Hernstein study, cited from Schott and Wick 2005, p. 196)

A study by the management consultancy Capgemini reveals that it is primarily employees, but also middle management, who are critical of the planned changes. The management board, supervisory board and investors, on the other hand, must be counted among the drivers of change (see Fig. 4.2), a fact that is also confirmed by other studies. For example, the market research institute Meinungsraum.at, commissioned by the management consulting firm osb international, surveyed 300 managers and 1000 employees in German companies on this topic in 2012, consistently revealing a higher level of skepticism at the executive level. When asked, for example, how changes have a motivational effect, 40% of employees answered “negatively tiring” and only 11% perceive them as “positively energizing”. The latter figure is 33% for managers.

Because of their paramount importance for the failure of change projects, resistance by employees and middle management will be examined in more detail in this chapter.

4.2 Examples

How does resistance manifest itself in practice? Here are two examples:

Fig. 26: The basic attitudes of various stakeholders towards change processes range from extremely positive to extremely negative

Stakeholders' basic attitude towards change processes

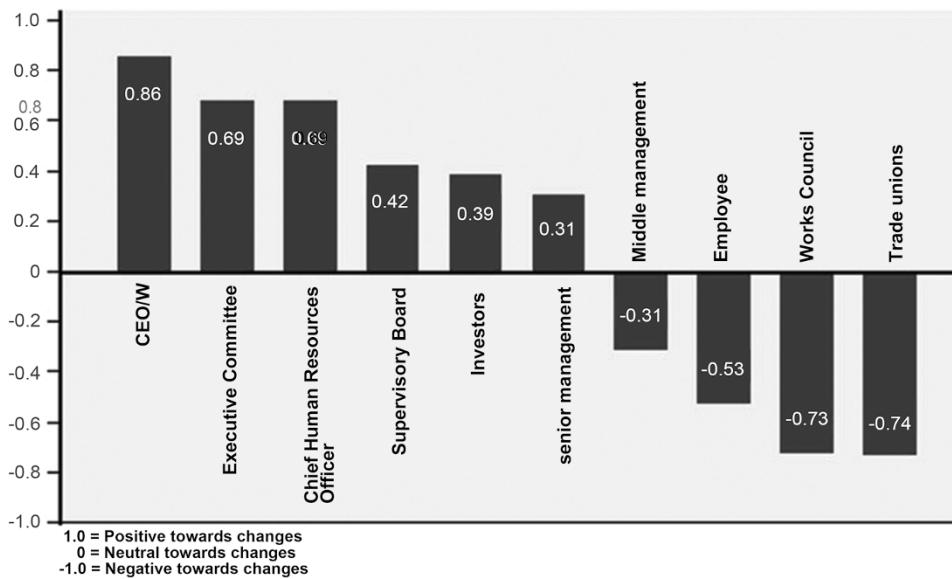


Fig. 4.2 Stakeholders' basic attitude toward change processes (Source: Capgemini study 2003)

Resistance Against a New Management at eBay

As eBay grew considerably in size, its founder, Pierre Omidyar, was forced to introduce more professional management. Until then, it was a pioneering company with an unusual corporate culture. Employees sat on folding chairs, had to assemble their own furniture from kits on the first day of work and wore casual clothes. Nerf soccer (soccer with a soft ball) was played during breaks, and when there was little action, which was more common at first, the employees would go to the cinema together in the afternoon. The customers of eBay at that time were mainly collectors from different areas, who formed something like a worldwide community through eBay. Commercial sellers were excluded. This was to change with the new chairman Meg Whitman, who was hired by Omidyar because the company had grown so large that it needed more orderly control. The first suits arrived, who showed a completely different behavior than before. The portal was also commercialized and professional traders were given access. However, this change was not without resistance. For example, the previous eBay employees dressed up in suits on Halloween to symbolize the “horror” of the new. There was also a headwind from customers. For example, the collector community largely disagreed with the fact that the portal was now also open to professional dealers. There was a temporary organized blockade, which led to considerable sales losses.

eBay was able to solve the problems in the long run and grow further. In the next example the resistances could not be overcome successfully and the market exit was the consequence.

Resistance of the German Workforce Against the Wal-Mart Culture

Wal-Mart is the world's largest and most successful retail group almost around the globe. In line with its international expansion strategy, the company also focused on Germany, and as a result Wal-Mart began to try its hand at this country in 1997. Wal-Mart Germany was mainly created by taking over existing German companies (e.g., Wertkauf), which were to be adapted to the strategy and culture typical of Wal-Mart after the acquisition was completed as part of the change management process. In contrast to its local competitor Metro, for example, Wal-Mart also focused on personal customer care in Germany. The best-known principle here is the so-called "*ten foot rule*", according to which service personnel should actively approach a customer as soon as he is closer than ten feet away. However, both the previous staff and German consumers found this behavior extremely disconcerting, especially since surveys showed that customers were more interested in value for money than personal service anyway. Internally, further cultural differences made the change difficult. For example, the typical Wal-Mart cheer, where employees gather every morning and answer the question "Who's the king?" together with "The customer!", a ritual where rather fact-oriented Germans felt uncomfortable. Wal-Mart also became known to the German press through the ban on love relationships in the workplace, which is anchored in the company's ethics guidelines—supported by a hotline where violations of this ban should be reported. This policy was eventually overturned in court following a complaint from employees in Germany. Overall, U.S. management was accused of cultural ignorance, which resulted in an attempt to adopt all Wal-Mart principles 1:1 in Germany. The result of this conduct was a high level of dissatisfaction among managers and employees and finally the final end for Wal-Mart Germany in 2007.

4.3 Types of Resistance

4.3.1 Resistance to Change in Need of Explanation and Non-explanation

In the two examples above, resistance to change was shown. Looking closer, there were mostly no serious reasons for these resistances. If, for example, the change had threatened to dismiss employees, cut their salaries, remove them from power in the hierarchy or something similar, the resistance itself would not have required explanation and would have been easy to predict. For change management, however, the less obvious resistance to change is more important because it is more difficult to foresee and manage. This *resistance to change in need of explanation* does not have its roots in obvious disadvantages caused by the new situation, but is based on factors that are more likely to be psychological. Several aspects can be causal here:

1. Often—as in both examples mentioned—cultural differences are decisive, that is *a general rejection of the initially foreign*. According to psychological research, man possesses universal mechanisms that favor the development of prejudices. These

include the ability to classify the environment, especially according to differences. Thus, between people belonging to different groups, it is mainly the characteristics in which they differ that are perceived, even if there are more than 90% similarities.⁴ Thus, if change also occurs in the form of new persons or groups, an objectively unfounded rejection is not unlikely. This effect is reinforced by the so-called phenomenon of group polarization.⁵ According to this, groups that feel themselves to be foreign have a tendency to take extreme positions, which further fuels conflicts. The encounter of strangers and thus a potential mutual antipathy mainly affects projects in which a reorganization is undertaken and new teams are formed from previously different units, for example in the context of mergers and acquisitions. Another practical case is the use of external consultants in the context of change processes; here too, it is likely that they will be met with a priori skepticism.

2. Furthermore, the phenomenon of the *reactance* also plays an important role. This psychological law, first formulated by Brehm, describes the general tendency of people to react to restrictions of freedom with resistance.⁶ Resistance can be aimed at restoring freedom or finding a substitute for it. By restricting the freedom of action, for example, a ban, the forbidden alternative often becomes even more attractive, which has a counter-productive effect against the intention of the institution restricting freedom. Since change necessarily entails the alteration of existing rules and modes of behavior, and since new rules within the framework of change take the place of the previously valid ones, reactance arises in two ways: Firstly, because the new rules are seen as a restriction of previous freedom, and secondly, because the old behaviors now appear all the more attractive after they are no longer wanted “from above”.
3. *Communicative misunderstandings* are the next and also very important cause of resistance in need of explanation. To understand this phenomenon, it is important to examine two essential aspects of interpersonal communication in more detail. On the one hand, communication is fundamentally prone to disruption, since a number of potential “translation errors” are possible between what a person wants to send as a message and what the recipient of the message ultimately understands. Figure 4.3 shows this chain of effects. Such translation errors can be based on purely factual ambiguities regarding the content, mostly, and this is the second aspect, but disturbing influences on the relationship level play a decisive role. In this context, communication can be compared to an iceberg in which the factual content aspect is only the visible tip, but the more important relationship aspect with all its emotions remains invisible below the surface. Schulz von Thun has vividly described this circumstance in his four-sides model of communication. According to this model, a message always has four different elements at the same time. On the one hand the factual information, that which is

⁴See Wagner et al. (2000).

⁵See Werth (2004, p. 299 ff.).

⁶See Brehm (1966).

objectively perceptible or audible. On the second, the so-called self-revelation. Here the sender says something about what he himself thinks or understands about the respective matter. Thirdly, it also makes an appeal to the recipient to do or say something. Finally, communication also reveals something about the relationship between the two of them, in the form of the image of what one has of the other. Communication is now susceptible to disruption because messages on the three levels beyond the content of the sender and receiver can be meant (sender) and interpreted (receiver) differently. The small example from everyday working life in Fig. 4.4 is intended to illustrate this. If communication between the sender of a planned change and the recipients fails in a similar way, the resulting resistance can be explained in many ways.

4.3.2 Forms of Resistance

Resistances can be distinguished not only in terms of their need for explanation, but also in terms of the form in which they express themselves to the observer. Using the dimensions active vs. passive and verbal vs. non-verbal, four different forms of resistance can be distinguished⁷:

1. *Opposition*: Here there is more or less direct verbal resistance. It can range from counter-arguments, which are still rather factual, to accusations or even threats.
2. *Discomposure*: It forms the form of active, but predominantly non-verbal resistance. General discomposure and rumors belong to this category. The initiators of change only sense that something is wrong with the atmosphere, but are not verbally informed by those affected.
3. *Evasion*: If verbal resistance occurs, but only indirectly relates to the object of the dispute, this is called “evasion”. Typical phenomena of this category are all forms of ridiculing or trivializing things. Often, however, this type of resistance also occurs in the form of mock battles, in which seemingly unimportant matters are debated inappropriately fiercely.
4. *Listlessness*: The least directly visible variant of resistance is listlessness, as it combines non-verbal expression with passivity. Here, however, Watzlawick’s principle that one cannot not communicate applies.⁸ General inattentiveness, fatigue, inner emigration or actual absence from work indicate that there are problems of acceptance. Phenomena such as an increase in burn-outs or increased internal dismissal among employees are indicators that the increasing change in companies is “answered” by more and more

⁷See Doppler und Lauterburg (2002, p. 339).

⁸See Watzlawick (2000, p. 64).

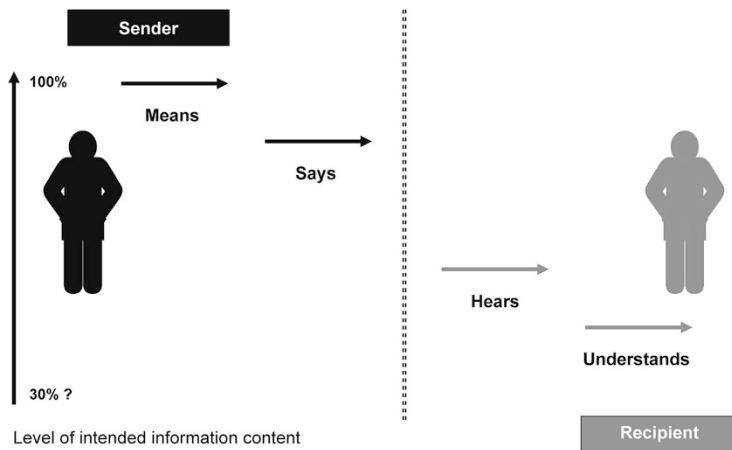


Fig. 4.3 Model of the communication disturbances (Based on Jung 2001, p. 466)

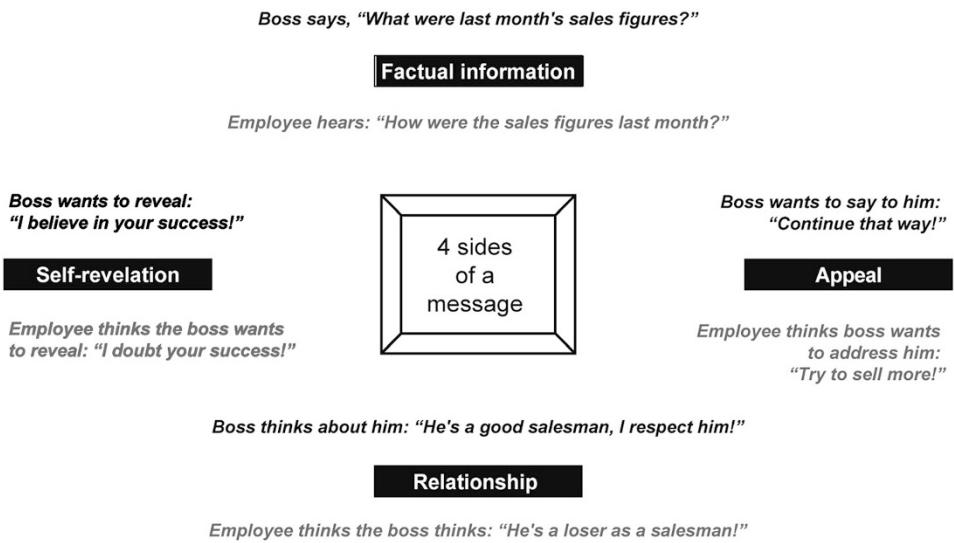


Fig. 4.4 Four-sides model of communication (Own example, model based on Schulz von Thun 2008, p. 14)

employees at this very covert level. According to a 2012 study by the Robert Koch Institute (the official governmental German health agency), 4.2% of all adults in Germany suffered from burn-out syndrome.⁹ According to the DAK Health Report

⁹See Robert Koch Institut (2012).

(one of Germany's leading health insurers), mental illnesses such as burnout now rank second among the causes of absenteeism among employees.¹⁰

4.3.3 Factual and Political Resistances

Resistance can also be subdivided according to whether the motives of those affected are more objective or based on power interests. Accordingly, a distinction is made between the groups of specialist and power opponents.¹¹ Specialist opponents are more likely to be found at the employee and lower management levels, whereas power opponents are a domain of middle and top management.

The fears of specialist opponents are mainly erected:

- A possible overstretching of requirements due to new demands resulting from change. According to Capgemini's latest change management study, this fear of being overwhelmed is the third most important reason for a lack of willingness to change.¹²
- Criticism of the way things have been done so far, either directly or indirectly, by changing previous practices.
- A possible loss of employment.

In the case of the power opponents, the resistance results from fear:

- To lose influence and reputation, for example, if the scope of activities and responsibilities is de facto downgraded or narrowed as part of a reorganization. The significance of this cause of resistance is also confirmed by the latest Capgemini study. Fear of loss of influence and status ranks first among the causes of a lack of willingness to change.¹³
- Losing resources, such as material and human resources, which always include a status and power aspect.

The described fears and apprehensions may be justified or unfounded and may therefore require explanation or non-explanation (see Sect. 4.3.1). In practice, it is also possible that the two categories are mixed up.

Above all, opponents of power can tend to put forward supposed factual arguments which in reality conceal a hidden attempt to assert individual interests. Symptoms of such

¹⁰See Marschall et al. (2018).

¹¹See hierzu Helmke et al. (2013, p. 280 ff.).

¹²See Capgemini (2012, p. 39).

¹³See Capgemini (2012, p. 39).

motivated resistance can be indications of supposedly indispensable expertise or experience or seemingly unavoidable quality losses when budgets are cut.

4.4 Breeding Grounds for Resistance

The strength with which resistance occurs is not only due to the form of the change itself or how it is managed, but there are also certain circumstances in the environment of change that influence its extent. These circumstances can be sought in the company itself or its employees. In most cases there will be a certain correlation between the two, as companies look for employees who fit into the existing structure and culture on the one hand, and on the other hand these employees adapt to the existing corporate culture within the framework of the company socialization.

4.4.1 Factors at Company Level

At the company level, three factors can be cited that make it difficult to establish a starting point for change processes:

1. *A strong corporate culture:* Strong corporate cultures are generally regarded as a key success factor for companies,¹⁴ but at the same time they can also inhibit necessary change. A corporate culture can be described as “strong” if it regulates the behavior of almost all members of the company in a uniform and comprehensive manner and if they follow the rules of conduct voluntarily, that is, without any concrete fear of punishment (see Sect. 3.3). Apparently, a culture of this kind makes it easier for everyone in the company to work together, conflicts are rare, explicit controls are hardly necessary, and cohesion and motivation are high. However, the flipside of this coin is that, as a rule, this also reduces openness to new ideas and sensitivity to changes in the corporate environment. Since everyone thinks the same and shares the same values, it becomes difficult for dissenters to assert themselves with new ideas. But this is essential for change.
2. *The general rejection of externals:* This factor is closely related to strong corporate cultures, since they derive their self-image from the devaluation of the outside world. If outsiders are generally rejected as advisors, there is a threat of “cooking in one’s own juice”. Essential inputs about external change or hints from critical observers of the company threaten to be thrown to the wind instead of dealing with them productively. Often, change can hardly be implemented without the help of outsiders, consultants or moderators, but it is hardly possible because an objective top view of the company is

¹⁴See e.g., Peters und Waterman (1982).

just as necessary as neutral mediation between the affected groups—for example, between management and employees who offer resistance.

3. *A purely short-term success orientation:* Especially in listed companies, the tendency toward short-term success orientation is systematically expanding. This is due to the combination of institutional management and the often short-term, speculative interest of the owners. As a rule, top managers are not the (main) owners of the companies they manage, so their interest often extends only until the next renewal of their contract. The owners themselves are often anonymous shareholders, who in turn hold shares out of speculative interest and prefer to sell them again at short notice if there are price gains. Finally, the stock exchanges support this mechanism to the extent that nowadays, as a rule, the publication of quarterly balance sheets is required and managers work toward a positive presentation in the next quarterly report. This short-term orientation is now in conflict with corporate change to the extent that, on the one hand, corporate change generally takes years rather than months and, until it is completed, there is a risk of a decline in productivity and thus also in the profitability of the company (see Fig. 4.5).

4.4.2 Factors at Employee Level

At the employee level, too, there are four main factors that encourage resistance and thus failed change:

1. *Specific personality traits:* The fact that humans are by nature rather sluggish creatures was discussed in Sect. 3.2 already clarified by means of the Satisficing Theory. According to this theory, people tend to change things only when problems become obvious and personally serious. However, the individual is often neither personally nor in the short term affected by the adversity that a company is permanently threatened by changes in the environment. Therefore, the motivation to spend own energies to support the change is rather small. However, this inertia can not only be situational, but can also result from the personality structure. Modern personality psychology measures personality structures with the help of a *five-factor model*.¹⁵ One of these five factors is openness to experience: “Creative, intellectual, and open versus simple, superficial, and unintelligent”.¹⁶ The five factors, and thus also this factor of openness to experience, which is particularly relevant to the field of change management, are largely inherited, as recent research results show. Employees who are conservative about this factor are more likely to be resistant to change processes. How the resistance then

¹⁵See Zimbardo and Gerrig (2004, p. 607 ff.).

¹⁶Zimbardo and Gerrig (2004, p. 608).

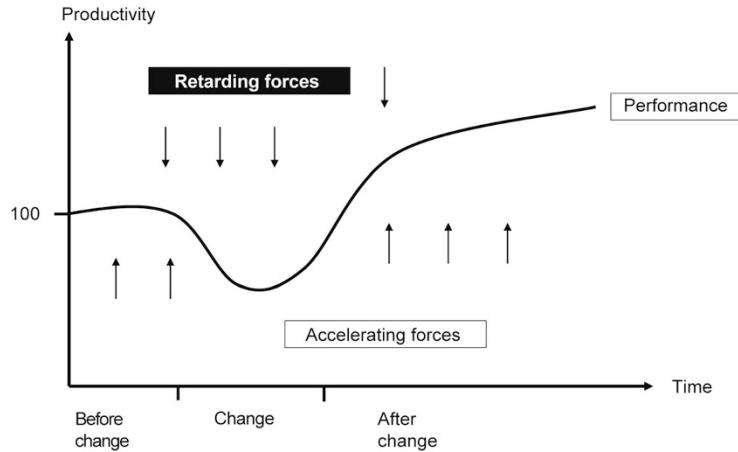


Fig. 4.5 Productivity development in the context of processes of corporate change (In reference to Staehle 1999, p. 592)

develops in the sense of the four-sides model from Sect. 4.3.2 also depends, among other things, on the development of the other four personality factors: Extraversion, tolerance, conscientiousness and neuroticism (emotional stability). Extraverts are more likely to offer active, verbal resistance, while introverts are more likely to react passively and non-verbally. In addition to personality variables, so-called psychological capital also plays an important role in terms of mutability. According to this, the psychological capital of an employee is the higher the stronger his or her thinking: a) is characterized by a belief in one's own strength (self-efficacy), b) a fundamental optimism regarding the possibility of a positive outcome of the change, c) hope of finding a, if necessary, alternative solution and d) resilience, that is, resistance to possible setbacks. In contrast to the five personality traits, these are all aspects that can be addressed with appropriate, above all individual personal development measures (such as "Coaching", see Sect. 11.3.2).¹⁷

2. *Ignorance:* Fear of the unknown generally increases as the level of education falls.¹⁸ The higher the level of education, the more predictable are the consequences of the new and the more the disadvantages of the old are seen. The educated employee will also have more confidence in his or her own abilities and the learning of necessary new skills, and will therefore develop less fear of the unknown and predict less personal effort in coping with what is coming.
3. *Bad experiences:* The vernacular says that "the burned child shuns fire." The situation is similar with employees who have had bad experiences in change projects in the past.¹⁹

¹⁷ See Kirrane et al. (2017).

¹⁸ See also Wagner et al. (2000).

¹⁹ Empirical studies also confirm this effect, e.g., Walker et al. (2007).

Since the failure of such projects is not uncommon, as mentioned at the beginning of the chapter, and fluctuation between companies is constantly increasing, the probability of having employees in the ranks to which this applies is not exactly low. It will be difficult to erase the negative experience, since what is experienced has a higher subjective truth content than what is told. If these employees are also opinion leaders in their fields, this can lead to a considerable potential for resistance. In fact, various studies confirm the significance of bad experiences for resistance shown. For example, “negative experiences in the past” are ranked first in the abovementioned osb international study (see Sect. 4.1) among the causes of skepticism toward change.²⁰ And in Capgemini’s 2012 change management study, “frustration from past changes” also ranks fourth among the triggers for a lack of willingness to change.²¹

4. *Social dilemmas as a result of maximizing benefits:* On the basis of game theoretical considerations it can be shown that the start of change initiatives in companies can also fail due to individual-rational behavior of the actors, provided that so-called social dilemmas result from it. For this to occur, only a few basic conditions are needed, which are likely to be frequently present in practice. If one assumes that the implemented change would lead overall to a result in which the company and each individual would improve, and if one also assumes that the (psychological) costs of each individual’s contribution to change are greater than the benefits he or she receives from the implemented change, then, provided that everyone else is committed, it is rational from the benefit maximization perspective not to actively participate in change (a passive form of resistance). Unfortunately, this benefit calculation applies to all other actors as well, so that in the end no one gets involved, but everyone is worse off, because the joint implementation of change would have increased their individual benefit. Such a situation is called a social dilemma, similar to the well-known prisoner dilemma. Such dilemmas can be solved by positive or negative incentives to show the desired behavior. Cultural norms are particularly effective in this respect (see also Sect. 14.3.3), which urge individuals to participate in the initiatives.²²

4.5 Incorrect Handling of Resistance

The real problem in processes of change is often not the resistance per se, but the wrong way of dealing with it. Even with an optimally designed change project, it cannot be ruled out that resistances may arise, but the question is how the initiators of the change react to them. In order to address this issue, we would like to once again draw the analogy between the company and the individual. In this world of thought, resistance to change can be

²⁰See osb international (2012, p. 12).

²¹See Capgemini (2012, p. 39).

²²See Will (2015, p. 50 ff.).

equated with pain in the body. This pain may be unpleasant, but in evolutionary theory it is not dysfunctional, because it indicates a problem that needs to be remedied. If one now combats this pain with strong painkillers, the symptoms disappear for the time the drugs are effective, but not the causes of the pain. In translation to processes of change management, this means that resistance should be seen as a signal for problems and not immediately combated with disciplinary measures (“painkillers”). In fact, change can only succeed if at least large parts of the workforce in the company are consistently behind the change and support it with energy and motivation. However, the suppression of resistance will at best only lead to open resistance, that is, above all contradiction (see Sect. 4.3.2), being redirected into more passive forms. Moreover, the thesis of reactance also applies here. A disciplinary suppression of resistance will make this and the original situation all the more valuable in the eyes of the resisters and lead to further resistance. Inner termination or the actual termination can be at the end of the process here. Unfortunately, it is often rather the employees who are capable of working and thus productive who make use of the latter option. Without going into detail here about the correct handling of resistances (this should be reserved for Sect. 8.4), it can be stated that resistances and their originators should be taken seriously.

4.6 Other Factors

As already from Fig. 4.1, resistance is the most important, but not the only cause of failed or at least more difficult change. Two other important factors should be mentioned here. Firstly, there is often a lack of orientation in the course of change processes, and secondly, not unrelated to this, an unclear objective regarding the results of the change. According to a study by the Technical University of Munich in cooperation with the consulting firm C4 Consulting, 56% of failed change projects are caused by unclear objectives and visions.²³

The orientation conveyed by goals and visions is of multiple importance. It can be seen as a kind of basic human need; without it, uncertainty grows. But orientation is also important in the course of change, in order to always recognize where one stands and where one wants or should change to. In this last respect, unclear objectives are related to a lack of orientation, since without it is impossible for the designers and implementers of change to assess whether the steps taken are going in the right direction. Both factors will be given the appropriate space in the next chapter when formulating a success factor model for change management.

²³See Houben et al. (2012, p. 7).

	Verbal (speaking)	Nonverbal (behavior)
Active (Attack)	Opposition <ul style="list-style-type: none"> Counter-argumentation Accusations Threats Polemics Stubborn formalism 	Discomposure <ul style="list-style-type: none"> Unrest Dispute Intrigues Rumor Clique formation
Passive (Escape)	Evasion <ul style="list-style-type: none"> Silence Trivialize Stupid Ridicule Debating the unimportant 	Listlessness <ul style="list-style-type: none"> Inattention Tiredness Absenteeism Inner emigration Disease

Fig. 4.6 Manifestations of resistance (Following Doppler and Lauterburg 2002, p. 339)

4.7 Practice Check

In practice, two cases can be distinguished: (a) Resistance could already have occurred in ongoing change projects and it is necessary to analyze what caused this and (b) a change project is planned and it should be predicted in advance whether resistance is to be expected and to what extent.

Analysis of Existing Resistances

In case a) one should check if resistors are present and how strong they are. These resistances do not always have to be directly perceptible, as Fig. 4.6 shows. To find out whether resistors are present, the following checklist should be worked through:

1. Has there been open resistance to the planned change? Think carefully whether you experienced this or it was reported to you. Make a note of the areas from which this resistance came and what arguments were used. This is not at all about identifying and punishing opponents, but—on the contrary—about making yourself aware of who might have what quite understandable problems with this change. It is then important to communicate constructively with these groups or individuals (see Sect. 8.4).
2. Did it happen after the announcement of the planned change that things were ridiculed in meetings or were insignificant things discussed insubordinately fiercely? For this purpose, mentally review all meetings of the past weeks, preferably based on your schedule. This is more likely to ensure that things that you have perhaps already

forgotten or that at first seemed insignificant to you will come back to your mind. Make notes in the sense of 1.

3. Take a look at the development of absenteeism or dismissals after official or even rumored announcement of the planned change. Are there growth rates here that cannot be explained trivially—for example, by an actual wave of flu?

Forecast of Resistance to be Expected

If a project of change is planned, one can try to estimate in advance whether and to what extent resistance is to be expected (see also the topic of stakeholder analysis in Sect. 8.3.3). The following list of questions should be used:

1. Are there objective disadvantages in monetary (salary losses) or non-monetary form (e.g., loss of status)? If this is the case, strong resistance must be expected. However, as a rule this will also be active and verbal. However, there is also a risk that qualified personnel in particular will leave the company.
2. What is the current relationship between the initiators of the change and the affected employees? Do not rely on your initial intuition when assessing this point. As a rule, there is a danger of overlooking problems, as managers are met in a superficially friendly manner. In addition to recalling conflicts with employees in the recent past, you should try to look at indirect indicators. The fluctuation rate compared to the industry average is a good indicator of the mood, but also the participation in or length of stay at voluntary social events, company parties and excursions is a good indicator of the mood.
3. Even if there may not be any objective disadvantages, you should critically question whether the change will restrict the freedoms that employees have had so far. This can happen, for example, through new regulations or standardization in areas where previously every employee was able to design processes independently. If the autonomy is reduced, resistance is also to be expected.
4. Are external consultants involved in the project or do new employees or managers from outside join the project? If this is the case, one should estimate to what extent these externals or newcomers differ from the existing staff in appearance, language, clothing, background experience, views etc. The greater the differences, the greater the rejection will be—especially if the average educational level of the employees is not so high.
5. Are there people in the affected employees or in middle management who have already tried in the past to prevent changes? Such “brakemen” are usually known. Whether resistance from them is significant or not depends on their social position. Therefore, identify potential “brakemen” in advance and estimate with which other people they have a close relationship. This can also be represented graphically as a so-called sociogram. Then draw arrows from the person in question to the people in his or her environment. The direction indicates an influence, the thickness of the arrow indicates the strength of the influence (see Fig. 4.7). The graphic illustration often reveals new insights and helps to adjust to the resistance or to counter it preventively—but not by

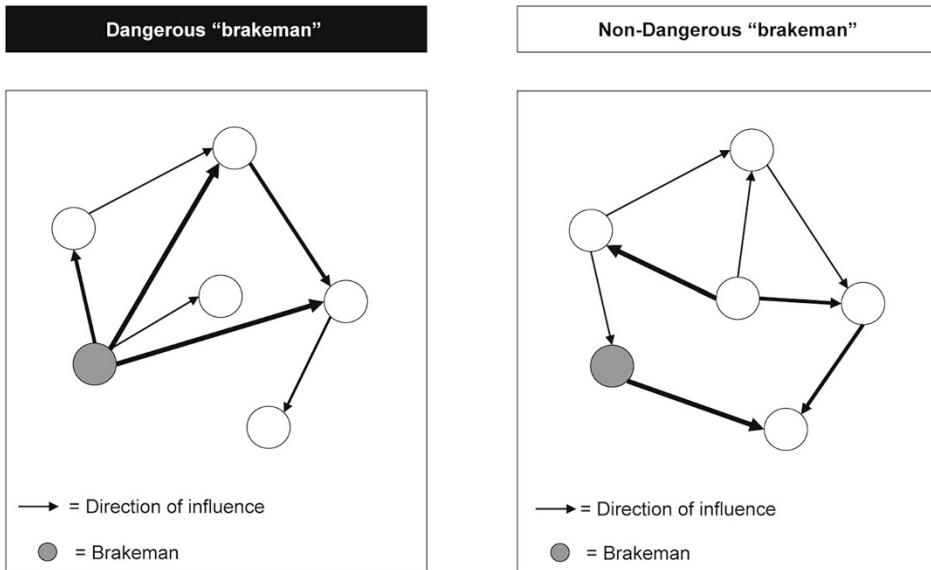


Fig. 4.7 Dangerous and harmless “brakemans” of change as sociograms

“punitive actions”. The larger the network of these “brakemen” is and the more central their position is in it, the stronger the resistances will be.

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A Success Factor Model of Change Management

5

Based on Lewin's field theory, which can be described as a classic of change management, a model is developed with nine success factors that generally need to be considered for change processes. It is based on the assumption that the people involved in the change process always need orientation about goals and the progress of the changes. Furthermore, not only should sufficient motivation be ensured to tackle change processes in the first place, but also that motivation has to be maintained during the course of change to ensure sustainable success.

5.1 The Field Theory of Lewin

In the following chapter, the factors that are decisive for successful change management will be derived on the basis of a well-founded model. The model will address the problems of change processes that have been pointed out in the previous chapters and will systematically and soundly show where (= success factors) to start in order to remedy the situation. The success factors so identified will form the framework for the continuation of the work by going into Chaps. 6–14 in greater detail. The primary goal is to show how the success factors can be meaningfully implemented in the practice of change management. Before starting with this, the “original model” of all change management concepts, the so-called *field theory of Kurt Lewin*, will be explained.

Kurt Lewin can be considered one of the forefathers of modern psychology, especially social psychology. His field theory from the middle of the twentieth century¹ still forms the basis of most social change models today and should appropriately be the starting point here too.

¹See Lewin (1963), fig. type: Line figure.

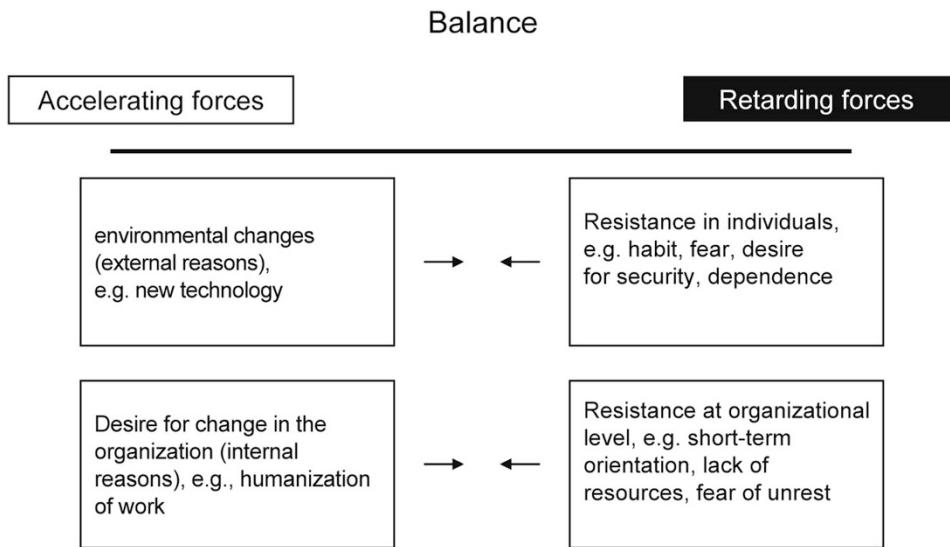


Fig. 5.1 Field theory of Kurt Lewin (In reference to Staehle 1999, p. 591)

Lewin's basic idea was to design a social psychology that transferred the idea of field forces from physics to social areas. In terms of change, Lewin thus defined two forms of forces that are diametrically opposed in their direction (see Fig. 5.1): a) forces that push for change (*driving forces* or accelerating forces) and b) forces that oppose change (*restraining forces* or retarding forces). The forces opposing change can typically be equated with the resistances discussed in Chap. 4.

If an organization wants to survive in the long run, it must establish a balance between these two opposing types of forces. If the regressive forces predominate, there will be no change or even reverse development. This would be fatal in view of the dynamic environment with which companies are confronted today (see Sect. 2.1.2). If the accelerating forces predominate in the long run, an organization will not be in balance. Permanent change would overtax the members and lead to a loss of performance in the long run (see Fig. 5.2).

From the Fig. 5.2 we can, as already shown in Fig. 4.6 show that in the course of change processes, a decline in performance is typically observed at first. On the one hand, this is due to the resistances described in Chap. 4, on the other hand, an organization in the process of change also needs resources for the reorganization itself, which are then temporarily lacking for actually productive purposes. In addition, it must be taken into account that new processes, procedures, forms of organization or technologies always

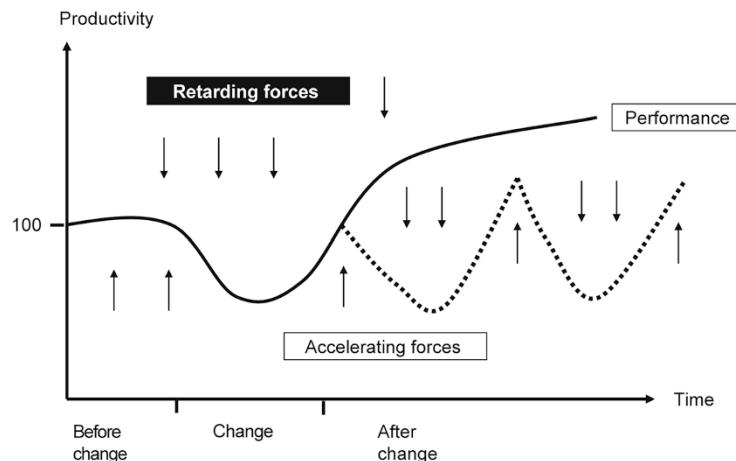


Fig. 5.2 Typical performance curve in processes of excessive change

require a certain amount of time before they can develop their full potential. The background for this is the so-called experience curve effect.² This effect, which has been confirmed on the basis of numerous empirical studies, states that each doubling of the cumulative output quantity, that is, of all activity units of a type created so far, reduces the costs per unit by 20–30%. In other words, through effects such as individual learning or better organization of process flows, it is usually possible to increase productivity through pure experience. This applies largely independent of the field or the industry. The experience curve effect now ensures rapid percentage increases in performance, especially at the beginning of new performance processes, as the doubling of cumulative output quantity occurs even more frequently here. As shown in the figure (solid line), a higher performance level can be achieved permanently after the change and overcoming of the performance dip. If now the accelerating forces would predominate and a permanent change of the organization would occur (dotted lines), then performance dip would follow performance dent. All in all, a higher level of performance would never be achieved in this way; on the contrary, the level would actually drop on average.

But to transform an organization, it is imperative that the balance of power between the accelerating and retarding forces be temporarily shifted in favor of the accelerating forces. After successful change, however, there should first of all be a period of rest, which enables the organization to fully develop the performance potential of the change, otherwise the abovementioned permanent drop in productivity level would be imminent. Lewin has expressed this connection with the help of a three-phase model (see Fig. 5.3).

²See Bea and Haas (2001, p. 127 ff.).

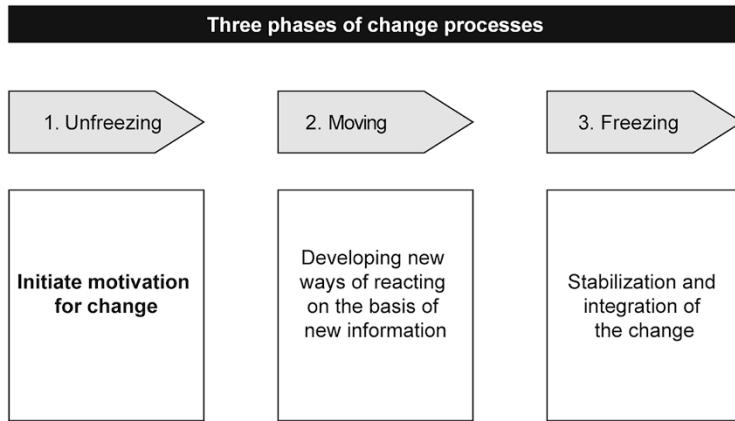


Fig. 5.3 Three-phase model of change according to Lewin

The first phase, in which the accelerating forces have to gain upper hand, is called unfreezing. The excess force can theoretically be achieved in three ways:³

- *Strengthening the accelerating forces:* This approach involves the danger that the retarding forces are equally strengthened or reinforced in the form of resistances. Combating resistance through even greater pressure for change should, as explained in Sect. 4.3.1, lead to reactance and thus a higher degree of resistance to change.
- *Reducing the retarding forces:* This is certainly the most common way to initiate change. Most of the approaches still presented in this book are based on exactly this.
- *Reversing the direction of forces:* This path is based on turning someone from “Saul to Paul,” as it were. The biblical figure of Saul, as is well known, was once a persecutor of Christians who allowed himself to be converted and became the apostle Paul. Such a conversion is only possible through very intensive persuasion, which might not succeed with everyone. But probably the chances for it are higher if one person first acts as an opinion leader for the other side, because his personality traits as an opinion leader will then also be used by the converted person as a prophet for the new cause. From everyday life, we can refer here to the example of “militant” non-smokers, who are often said to have been former chain smokers.

The second phase of the model in Fig. 5.3 comprises the actual change work (*moving*), which requires that the “*unfreezing*” process ensures the active and constructive participation of the organization members. Finally, the third step is to “freeze” the change (*freezing*), that is to say, to regain a new balance of retarding and accelerating forces, which enables the use of the now increased performance potential. It should also be noted that

³See Staehle (1999, p. 592).

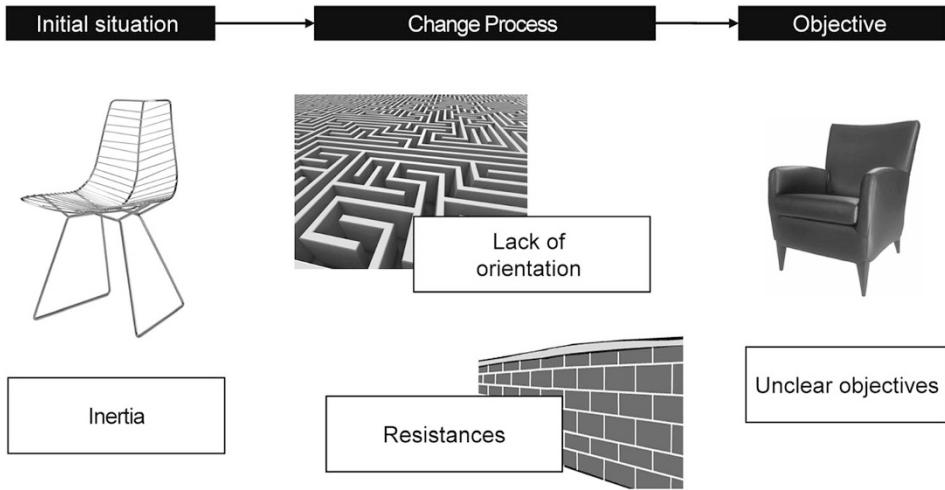


Fig. 5.4 Challenges within the phases of a change process

approximately 9–12 months after the start of the project, despite the changes that have taken place, a relapse into old habits can be observed, which counteracts the “freezing”.⁴ This so-called erosion phase must be intercepted by appropriate refresher activities.⁴

5.2 Basic Building Blocks of the Model

From the findings of the Chaps. 3 and 4 and the field theory just described, a practical model of change management is now to be derived. The starting point is a modified translation of Lewin's three-phase model into the sections “initial situation” (corresponds to “unfreezing”), “change process” (corresponds to “moving”) and “goal” (corresponds to “freezing”). The initial situation and the goal have already been symbolized by means of different types of seating furniture (see Fig. 1.1). This is also to be done again in Fig. 5.4.

The “unfreezing” in the initial situation is usually confronted with a number of obstacles, referred to as “inertia” in the figure, which were discussed in detail in Chap. 3. These collective and individual causes mean that organizations and their decision-makers often deal with necessary change too late. Once decision-makers have made up their minds to initiate change, they encounter a great deal of resistance from within the ranks of the organization, as discussed in detail in Chap. 4. Even if these resistances can be successfully overcome, problems still arise in the context of change, since the actors often lack the necessary orientation—also in the form of the actual goal to be striven for. In order to improve this situation, that is, to manage change more successfully, the main focus must be

⁴See Reiβ (2011, p. 198 f.).

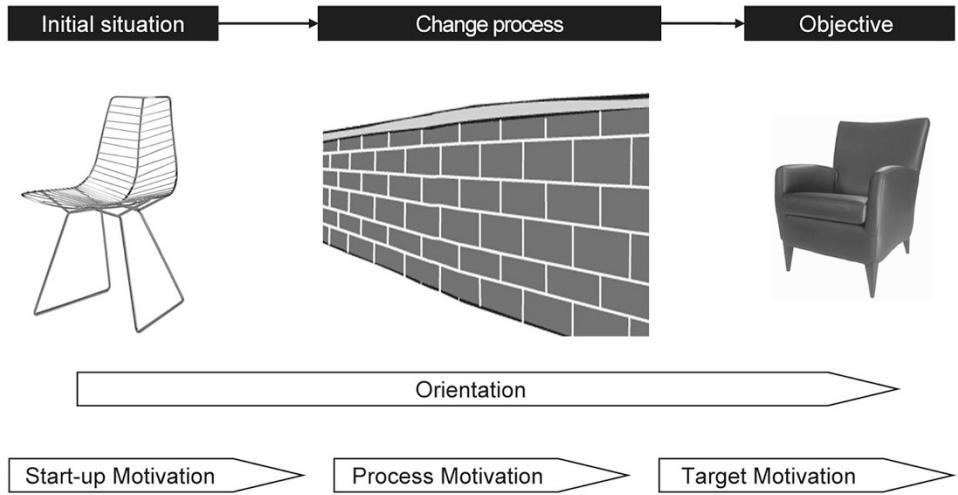


Fig. 5.5 Types of motivation as success factors in the phases of change

on motivation. Motivation is not only different in its origin, but in the different stages of a change process different types of motivation are also required. Figure 5.5 shows which form of motivation is necessary in the respective phases.

At the beginning, in the sense of “unfreezing”, it is important to gather enough *start-up motivation*, to initiate a basic impulse, to create a willingness to change and to overcome the inertia inherent in people and organizations toward change. However, this impulse alone does not lead to the goal. The change itself is an exhausting process, and as the performance curve from Fig. 5.2 has shown, that it is subject to setbacks. The perseverance of all those involved is required here. This rather continuous drive for change, which is needed after the starting signal, should be called *process motivation*. Process motivation, as will be explained later, requires specific factors, but is also dependent on a worthwhile goal waiting to be achieved. The resulting third component should accordingly be called *target motivation*. Ideally, the motivational factors should be accompanied by a continuous orientation of the actors about the goals, progress and successes of the change process.

The four success factors correspond strongly with Gleicher’s popular formula, a connection of success factors for successful change first formulated by Arthur D. Little consultant David Gleicher in the 1960s.⁵

Accordingly:

$$p(E) = U \cdot V \cdot K > W$$

Designate with this:

⁵ At first Beckhard (1975), see also Eaton (2010).

$p(E)$ = Probability of successful change

U = Dissatisfaction with the status quo

V = Clarity of the vision toward which the change is aimed

K = Clarity of the first steps toward implementing change

W = Extent of the resistance.

It is easy to deduce that a high degree of dissatisfaction with the status quo leads to an increased start-up motivation, which promotes clarity about the first steps, process motivation, and orientation, and finally the target motivation is supported by the clarity of the vision. Interesting about the formula is the multiplicative relationship of the elements. This means that the lack of even one of the motivations leads to the failure of the entire change. In other words: If one knows the next steps and is dissatisfied with the status quo, but does not know “where the journey is going”, a departure toward change is unlikely. The same applies if dissatisfaction prevails and at the same time there is a clear vision of a better state of affairs, but the concrete first steps along this path are not known.

In the following, the four success building blocks, start, process, target motivation, and orientation, are examined in more detail. The aim is not only to present the theoretical foundations for their development, but also to derive the associated success factors that point the way to the practice of change management. Because of its importance for all phases of change, the orientation factor will be started with.

5.3 Success Building Block Orientation

Change is fundamentally associated with uncertainty among those affected. Orientation helps to reduce this uncertainty, and, in part, to transform it into security. Orientation can be seen as a basic human need.⁶ In principle, it is based on two essential factors:

1. *Structure*: Humans need a visible structure of action. The child's need for structure was already recognized by the reform pedagogue Maria Montessori. She observed that children often put things in order in their environment, and also defend this order. As long as a child learns, it holds on to this order. Creative variations only become possible when the principles are understood. New structures and patterns must therefore be kept constant, especially in phases of change, where this new thing is learned. The lack of such structures has a particularly negative effect on learning and change processes.⁷ Nowadays, this process can also be explained in terms of brain physiology, since our

⁶In the consistency theory of the neuroscientist Klaus Grawe (2004, see above all p. 231 ff.), orientation and control are among the four basic human needs, along with attachment, pleasure gain or loss of pleasure and self-esteem enhancement.

⁷See Beck (2003).

brain functions according to the principle of so-called neural networking.⁸ Accordingly, the accumulation of perception patterns in the form of recurring structures is essential for the expansion of our thinking and knowledge.

2. *Information:* People have a need to be kept informed about the goals, the progress of things, and the resulting results. This not only has functional aspects in that this information enables those involved to align their actions with those of others, but information is also meaningful for those involved. Only when the context of one's own actions is known can the action itself be understood in a larger context of meaning. Without question, this also promotes motivation.

From these two factors, it is now possible to draw direct conclusions about the success factors that need to be taken into account for successful change management. Change management processes are given structure by two main factors: Project organization and the involvement of experienced process consultants.

Processes of change must be planned and controlled. This is the classic task of project management. It is therefore to be included in the series of success factors under the term “project organization” and is described in Chap. 12.

Precisely because the actors of change are often themselves also affected by its effects, project management often requires the help of external consultants. Their task is not so much the formulation of change objectives, but rather the professional moderation of these processes with and between the groups involved. This success factor is included under the term “consultation” and will be discussed in detail in Chap. 13.

But perhaps even more important is the third success factor, because it is ultimately interwoven with all other success factors, communication. Change management is a management task, and leadership in today’s working world consists largely of communication. Communication has the great task of transporting information. Ultimately, however, this information is not only conveyed as factual content, but also as emotions via gestures, facial expressions, tone of voice, etc. These emotions themselves are an important basis for motivation or even demotivation. The success factor communication in its basics as well as its practical implementation in the change process will be discussed in Chap. 8.

5.4 Success Building Block Start-Up Motivation

In individual psychology there is a so-called “magic formula” for personal change processes, which is⁹ $A + C = D$.

“A” stands for acceptance, “C” for conflict and “D” for development. How is this formula to be interpreted? If we equate development with change, this means that change can only be triggered if the conflict is not shied away from, but at the same time there is

⁸See Spitzer (2000).

⁹See Schulz von Thun (2008, Vol. 2, p. 47).

enough acceptance between the parties to the conflict so that a cooperative, and above all, a constructive togetherness is possible. Applied to corporate change, this means that a person or group must exist who demands change, even if it means provoking conflicts with the rest of the workforce. On the other hand, however, this person or group must have such a high degree of acceptance that the conflict does not lead to the parties being split up. This condition is promoted when a corporate culture prevails in which new and deviating ideas are allowed and innovators and deviators are not per se excluded. Two success factors can be derived from this for further progress.

Firstly, above all in the management of a company there must be persons, or at least one person who is willing and able to initiate change, even despite the expected resistance of other actors. This important characteristic is described in modern management literature with the term *leadership*. The corresponding success factor is called “person” here and is described in Chap. 6 in detail.

Secondly, a corporate culture must be created that acts as a kind of breeding ground for change. This culture must not only be open to change, ideally it should also actively promote it—by rewarding it—and passively by allowing a variety of subcultures to flourish. By analogy, these subcultures can be seen as a kind of mutation of the dominant culture, which may prove to be superior when the business environment has changed accordingly. Therefore this success factor should be called “evolution”. It encompasses above all what in literature today is called a learning organization. Chapter 14 is to go into this in more detail.

5.5 Success Building Block Process Motivation

Process motivation should be understood as a drive that enables people to permanently apply energy to the process of change. Since motivation must be of a longer duration and, setbacks and resistance must be digested, it must be of a particularly intensive nature. A worthwhile goal alone may not be enough; the process and its design must itself provide satisfaction. Psychologists speak in this case of *intrinsic motivation*. It results from the task itself and does not require any external impulses. If, on the other hand, an action is only carried out with instrumental intent, above all to gain material advantages, it is called extrinsic motivation. Most incentive systems, such as forms of variable remuneration, are based on extrinsic motivation. Intrinsic motivation is in a sense the more valuable motivation because it leads to more intensive and lasting benefits, since the motivated person has a direct interest in the matter itself. If intrinsic motivation has been successfully introduced, it is possible, despite initial inertia and existing resistance, to inspire those involved in the process of change for the process of change itself. However, this requires the existence of certain conditions. Deci & Ryan¹⁰ have formulated these conditions in their self-determination theory of motivation (see Fig. 5.6).

¹⁰See Deci and Ryan (1985).

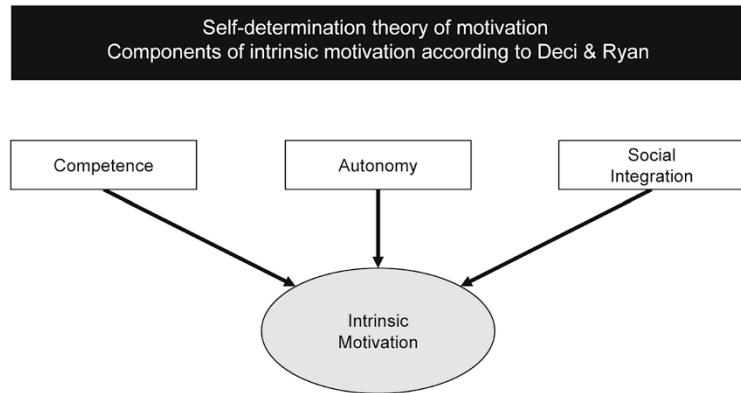


Fig. 5.6 Elements of the self-determination theory of motivation of Deci & Ryan

According to this, intrinsic motivation is generated when people experience themselves as competent, autonomous, and socially integrated in their actions. The joy of *competence* grows from the experience of successfully mastering challenging things—sometimes after some practice. For example, the amateur pianist who, after weeks of practice, masters a Chopin étude without any mistakes. *Autonomy* is supposed to denote the degree to which one is able to control and shape the things one deals with oneself. Accordingly, a working environment in which even the execution of activities is prescribed in detail would be less autonomous. An autonomous work environment, on the other hand, would not only include freedom of choice in means and methods of execution, but also the freedom to determine and develop the content of the activities oneself. *Social integration* is finally present when you belong not only formally but also informally to a group, are included in its communication processes, receive support and feedback, especially positive feedback.

In the context of processes of change there is often a situation that makes the occurrence of these three conditions for intrinsic motivation rather difficult. In terms of necessary competence experience, this means, for example, that the actors must not feel overburdened by the new demands arising from the changed situation and the change itself. Of course, this danger is fundamentally given, since in the process of change, accustomed ways of thinking and activities are to be overcome. Also the experienced autonomy, as a second component, is initially low for many of the participants and affected persons, because the impulse for change often comes first from other persons, such as managers. Finally, there is also an inherent danger that conflicts between the parties concerned could lead to social exclusion as a counterbalance to the necessary social inclusion, not least because change often requires prior cooperation between strangers (see Sect. 4.3.1). In order to avoid these dangers and to create the conditions for intrinsic motivation, three further success factors of change management are of essential importance.

The danger of not experiencing competence must be prevented with targeted personnel development measures. This involves analyzing whether competence deficits are more

likely to be expected in the area of skills, knowledge or attitudes. Those who experience themselves competently in change or can even play off newly acquired competencies will enjoy the process of change itself through this competency experience alone. “Re-education” should be the name of this success factor. More details will be given in Chap. 11.

In order to restore or even increase the autonomy initially curtailed by the change, it is advisable to ensure the intensive, continuous, and early participation of all those affected by the change. This “participation” is perhaps the classic success factor of change management, which Lewin (see Sect. 5.1) highlighted. Most of the classical methods of organizational development, which can be considered the forerunner of change management, are based on this approach. How participation can be implemented in practice is discussed in detail in Chap. 9.

Finally, in order to develop intrinsic motivation to be fully effective, the social integration of those involved and affected must also be taken into account. Members of the organization should not be excluded in the process of change, nor should conflicts between individuals or groups lead to the dissolution of the cohesion of the organization. Measures that specifically address these points are part of the success factor “integration”. It will constitute the subject of Chap. 10.

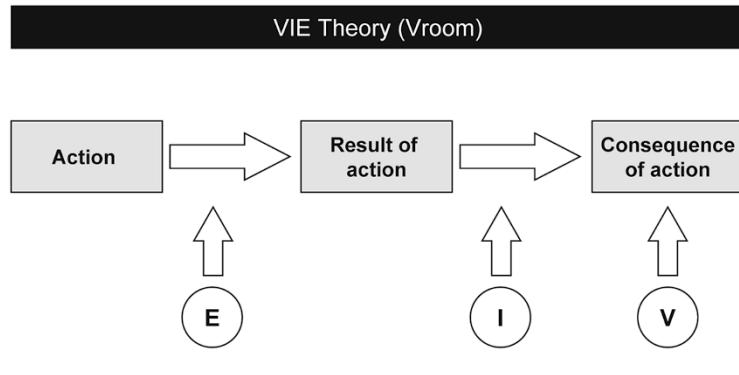
5.6 Success Building Block Target Motivation

Even if intrinsic motivation, that is, the preoccupation with something for its own sake, is the ideal way (see Sect. 5.5), the achievement of a worthwhile goal is also an important motivational component that helps to overcome initial inertia and promotes perseverance in the change process. Goals do not necessarily have to be of a material nature; the joy of completing a work or project, social recognition or lasting fame can also be of primary importance. It is important that something is aimed for that is desirable for the vast majority of people involved in the change process. However, this alone is not enough to motivate people to work toward a specific goal, as the so-called VIE theory of Vroom¹¹ clarified.

According to this classical theoretical approach, motivation only arises when there is a complete chain of three conditions, the last link of which is the value of the goal itself. Vroom therefore breaks down the process of goal attainment into three sections: Action, action result, and action consequence (see Fig. 5.7).

For a better understanding of the approach, an example is given directly. Let's assume that an employee in sales receives the promise to receive an additional 10,000 EUR in bonus if he generates another million in sales. The acquisition efforts of the sales employee possibly triggered by this promise would now, in our case, in accordance with the terminology of the VIE theory, represent *action*. The sale of additional products, as a result of his efforts represents *action result* and finally the receipt of the bonus the

¹¹See Vroom (1964).



E = Expectation that an action result will occur.

I = Instrumentality, the extent of the actual relationship between the result of action and the connected reward.

V = Valence, the value of the reward.

Fig. 5.7 VIE theory of Vroom (In reference to Ridder 1999, p. 428)

rewarding *action consequence*. According to Vroom, a (here rather extrinsic) motivation only arises, if the employee also has the entitled *expectation* (the “E” in the name of the theory) that additional acquisition efforts also lead to the necessary additional turnover. If, for example, the market is saturated or the product is almost unsaleable, the chain is broken at this point and motivation cannot develop. However, if the sales employee considers the million additional turnover to be a goal he can achieve, it now depends on whether he can assume that he will actually receive the 10,000 EUR after reaching the goal. Perhaps he has made the experience in the past that it was difficult to determine directly whether the additional turnover was initiated by him. For example, because customers ordered directly from the office. Or promises were not kept with reference to a tense financial situation. If such experience is available, it may be that the necessary *instrumentality* (the “I” of the VIE theory), that is, the unconditional link between the achievement of the required result of action and the consequence of action in the form of the bonus doesn’t exist. But even if the instrumentality is given, one must finally ask whether the reward is sufficiently valuable, or in Vroom’s language, sufficient *valence* (=“V”) exists. If the sales employee has already earned an exorbitant amount this year, but feels overworked, a special holiday might be more important to him than an additional 10,000 EUR. In this case, too, despite expectations and instrumentality, the chain would be broken and motivation would be lacking.

However, in order to bring this target motivation to fruition in change management processes, two success factors are essential, based on the VIE theory described above. Basically, there must be a goal that is desirable for the vast majority of participants (this ensures *valence*). In the language of change management, this is referred to *vision*. It is both

a key success factor and a difficult one, because its formulation must generate motivating power. How this can be achieved is described in Chap. 7.

In order to prevent the chain of motivation of the VIE theory from being interrupted already in the area of the factor “expectation”, the mediation of sufficient competencies of the actors proves to be decisive once again. Only if these actors also have the feeling that they will be able to successfully master the upcoming tasks to achieve the vision, they will go along with it. The process described in Chap. 11 success factor *Re-education* therefore again plays an important role here.

This again applies to the *person*, because justified trust in the leaders of change is essential to be sure of personal benefit in achieving the vision. Unfortunately, this has not been a matter of course in many companies in the past. The 2008 Capgemini study even identifies management commitment and credibility as the most important success factors for change management,¹² after these factors had only been accorded about half the importance in percentage terms in the same study 2 years earlier. In the 2010 study, commitment maintained its top ranking.¹³ Such assessments are probably influenced by the ongoing debate on the credibility of top managers. Accordingly, the concept of *leadership* linked to the success factor *person* includes the roles of *role model* and *benefactor*, as will be described in more detail in Chap. 6.

5.7 The Success Factor Model

The explanations of the previous sections can now be summarized in a model of the success factors of change management (see Fig. 5.8).

The success building blocks (in the form of arrows) and the corresponding success factors are inserted below each of the three phases of change. Ideally, all success factors should be considered in change management processes. However, their significance can vary from process to process. In any case, it is essential that both the orientation is permanently maintained and that there is sufficient motivation in the corresponding phases.

The further chapters of the book will show how to proceed in detail. The order of presentation is based on Fig. 5.9, which contains a kind of chronological sequence of the success factors.

At the beginning of the change process there is usually one person (Chap. 6) who wants to initiate change. This person does not necessarily have to come from the board or management of a company, but is more likely to be found in top management. It is important that this person cultivates a management style that is geared toward change

¹²See Capgemini (2008, Fig. 23).

¹³See Capgemini (2010, p. 21). In the most recent studies by Capgemini the connection was no longer explicitly queried, but the importance of the connection was still referred to (see Capgemini 2015, p. 15).

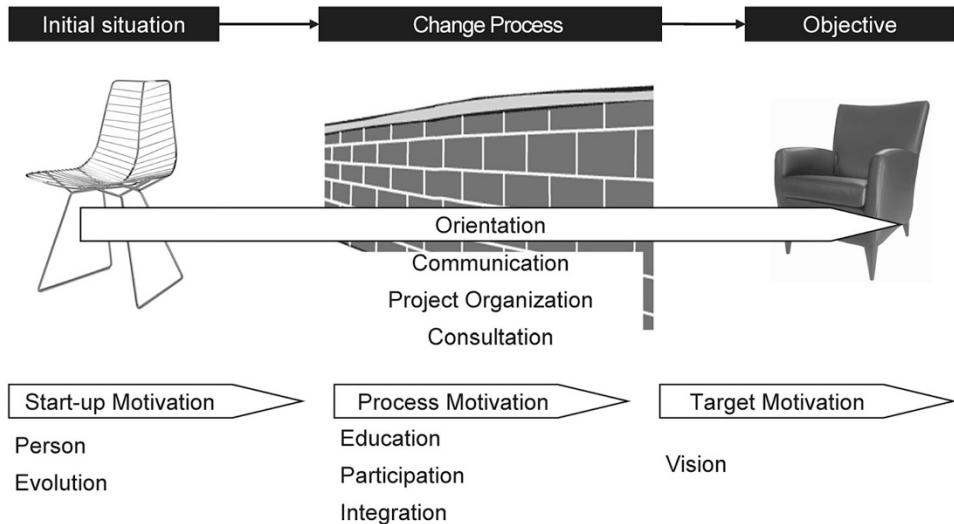


Fig. 5.8 Success factors model of change management

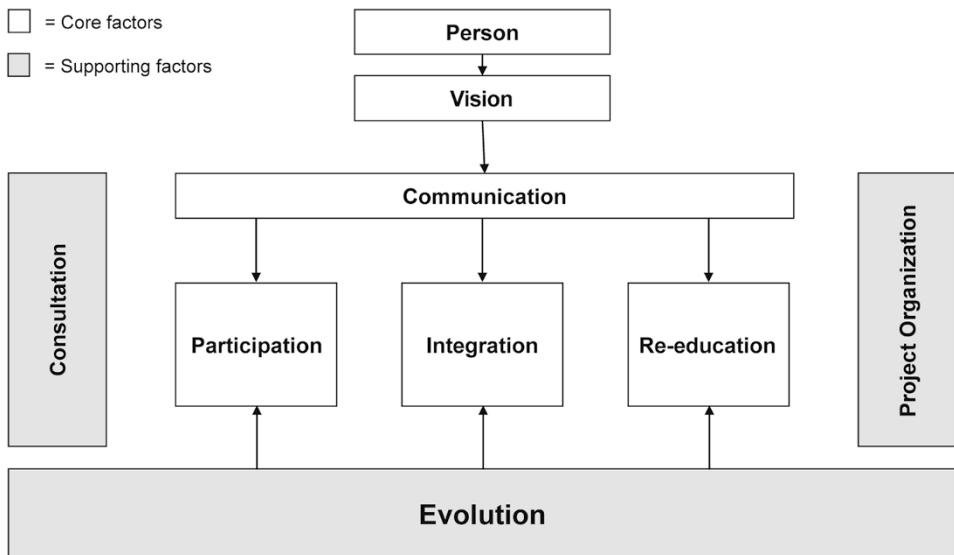


Fig. 5.9 Interaction of the success factors over time

and in this context develops a clear vision (Chap. 7) of the future of the company. This vision must then be announced to those involved and affected by the change through appropriate communication (Chap. 8). The members of the company are directly involved in the further shaping and concretization of the vision. That is participation (Chap. 9). Since

this often requires professional and neutral moderation, it is advisable at this point to call on an external process consultant (consultation, Chap. 13). Due to his neutrality and simultaneous knowledge of methods, the latter can also be helpful in moderating development processes with regard to the integration of previously unconnected groups in the company (Chap. 10). At the same time, competence and recruitment deficits are also reduced by personnel development measures (Re-education, Chap. 11). To ensure that there is a sufficient degree of orientation during all these phases, the entire process must be accompanied by a suitable project organization (Chap. 12).

The breeding ground for the success of the current and all future change processes is a corporate organization that is open to change and learns as independently and permanently as possible. Which factors are involved is finally explained under the keyword evolution (Chap. 14).

5.8 Practice Check

Even though this chapter mainly lays the theoretical foundation for successful change management in practice, a short practical check is recommended. Based on the nine success factors, try a brief self-assessment of your change management skills to date on a scoring scale of 1 (very good) to 6 (insufficient). I recommend that you copy the following test twice in advance and then place the crosses on one copy according to your current self-assessment. Now put this completed sheet aside. After you have read the other chapters on the individual success factors, simply take the test again (without looking at the completed questionnaire again) and compare the results. Alternatively, after each chapter you can also make a new assessment of the success factor.

Test for self-assessment of change management skills

1. The suitability of my person as a driver and controller of change I estimate as follows:

1 2 3 4 5 6

2. I evaluate the quality of the visions underlying change with the score:

1 2 3 4 5 6

3. The communication before and during change management processes in our company receives the score

1 2 3 4 5 6

4. The ability of our company or organization to permanently change can be rated as follows:

1 2 3 4 5 6

5. The organization of change projects in our company scores as follows:

1 2 3 4 5 6

6. The extent and quality of employee involvement (participation) in our change projects receives the score

1 2 3 4 5 6

7. The inclusion of new group members and the growing together of previously non-interacting areas (integration) within the framework of reorganization is assessed with:

1 2 3 4 5 6

8. The extent of the training measures (re-education) associated with change can be evaluated as follows:

1 2 3 4 5 6

9. The scope and quality of the consultant assignment receive the score

1 2 3 4 5 6

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Part II

Success Factors



Success Factor Person: Right Leadership in Change

6

People who successfully initiate and manage change need certain leadership qualities. In this context, two leadership styles, the transformational and the transactional, are distinguished from each other. Transformational leadership, often referred to as Anglicism leadership, means leadership in the sense of change. The motivation and inspiration of employees are the top priority here. To achieve this, a transformational leader must act as a visionary, act as a coach rather than a commander to the employees, be an authentic role model for what is required of others, and strive for success not for purely selfish motives but for the sake of the cause. Frequently, people who meet these requirements possess a high degree of purposefulness, willpower, and emotional intelligence. In contrast, the transactional leadership style stands for the maintenance of order and consistency. The more a change management project is advanced, the more this characteristic is also required in order to plan and control the change appropriately. In this respect, care should always be taken to ensure the right mix of leadership styles in management bodies.

6.1 Concept and Contribution to Success

6.1.1 Concept

This chapter focuses on the description of personality profiles that are suitable for being initiators of processes of change. The focus is on suitable leadership styles of these individuals. These leadership styles are explained on the basis of roles and personality traits that have proven to be relevant for change management. In the literature, the term leadership, which has already been used above, has become established. The following descriptions are based on this term, which is replaced below in favor of the related term “transformational leadership”. The reason for this is that leadership as a term can also be

used for any kind of managing activity. Transformation as a noun for transformational leadership, on the other hand, already focuses on change and thus transformation.

6.1.2 Contribution to Success

It is no coincidence that the individual is the first to take a closer look at the success factors of change management. The starting point of any change is the triggering of initial motivation (see Sect. 5.4). In most cases, this is done by individual persons who often—but not necessarily—belong to the upper management level.¹ A person who successfully fulfills his or her role as initiator and steersman of change ensures that in the course of the change:

1. *Willingness to change is generated:* In this respect, willingness to change must arise in almost all individuals in the organization, provided they are involved in the process of change. Ideally, this will not only happen successively, person by person, but rather simultaneously by creating a corresponding climate in the entire organization.
2. *Sufficient orientation is provided during the change process:* Orientation as described in Sect. 5.3 was presented alongside motivation as an important prerequisite for change to be as smooth as possible. Giving orientation is therefore a crucial task for the managers who initiate and control the change.
3. *The motivation is maintained in the ongoing process of change:* An inspiring speech, for example, may be able to win employees over to the planned change. However, whether this initial euphoria will continue is not guaranteed without further measures. Managers must therefore make sure that they themselves are able to motivate and inspire employees during the change process.
4. *The transformation process itself is efficiently managed:* Inspiration and motivation alone are not enough, and can even be counterproductive in overzealousness if the coordinating and ordering hand is missing in the manifold actions and plans. This classic management task, which includes organization and planning, is also needed in the context of change.

As will be shown below, the first three points are often not compatible with the fourth, that is, all four together are usually not found with one person at the same time. In this respect, this chapter will not only be about individual persons, but also about the right mixture of managers initiating and accompanying change.

¹See Müller et al. (2010, p. 408).

6.2 Transactional and Transformational Leadership

The question of a leadership style suitable for processes of change was already discussed in political science before this debate entered management theory. J. M. Burns² divided politicians in the late 1970s into two categories, those whose actions are primarily directed toward the efficient management of existing processes, and another group whose actions are directed toward change in the sense of improving existing conditions. Since the latter group of people transforms the status quo, the term transformational leadership was chosen for their leadership style and the first described behavior was called transactional leadership. In the 1980s, J. P. Kotter made this distinction in an analogous manner also with regard to the behavior of managers, and instead coined the related pairs of opposites “management”, as an expression of a leadership activity directed toward managing the existing, and “leadership”, for the leadership of companies associated with the idea of change. Since management is generally used in everyday language practice as an umbrella term for the institution and activity of corporate management, we will continue to talk about transactional versus transformational leadership here. Figure 6.1 gives an overview of the differences between the two management styles.

Transactional leadership therefore provides the necessary order, which is particularly necessary in larger enterprises, to enable sufficient coordination of the different areas. This has already been discussed in Sect. 2.2.2 using the life cycle models of companies. In economic terminology, transactional leadership thus ensures efficiency or, in other words, that things are done right. To ensure this, classical and more functional management techniques are used. These include activities such as goal setting, planning, decision making, and control. But “doing everything right” is in vain if the right things are not done. Therefore, it is all about effectiveness. Ensuring effectiveness is the goal and task of transformational leadership. Activities of this leadership style differ diametrically from those of transactional leadership. Instead of the organizing hand, the focus here is on motivation, inspiration, and communication. The transformational leader is thus much more of an initiator and driver of change than a helmsman.

6.3 The Optimal Mix of Management Styles

After the above, one could easily come to the conclusion that transformational leadership is the only right one in the context of change management. However, this conviction does not go far enough. First of all, a fictional story outside of operational management is told as a metaphor:

²See Burns (1978).

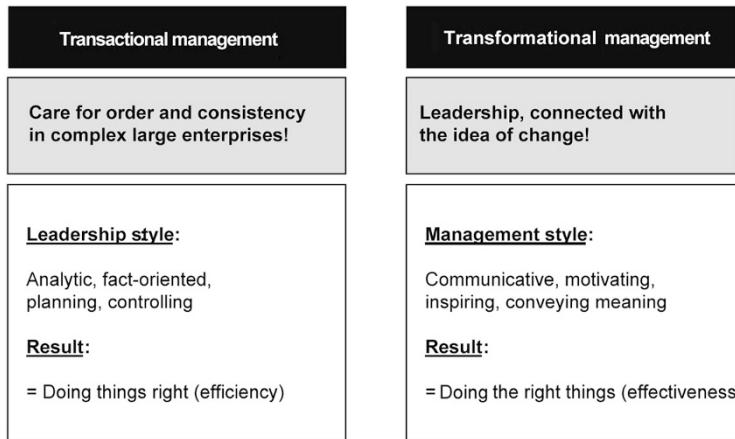


Fig. 6.1 Transactional and transformational leadership

Imagine a sailing ship setting sail on an adventure holiday in the Caribbean (there are pictures from advertising, for example). This ship gets into a terrible hurricane, the masts burst; the ship capsizes, and sinks. Helplessly the crew drifts in the floods. When the storm calms down, one of them realizes that it is possible to build a raft from existing planks and ropes, on which one could save oneself. He succeeds in convincing and motivating the drifters to make this effort. After some time the plan succeeds and the shipwrecked people are sitting relatively safely on the self-built raft. The initiator now looks over the calm sea and can still see parts of the masts and the rigging. He gives birth to the idea of attaching a mast with a sail to the raft in order to be able to move forward and reach a nearby island. As even the last idea of this person was convincing, the crew of the raft trusts this plan and jumps into the water to recover the needed parts by swimming. Unfortunately at this moment a shoal of sharks passes by ...

What should this macabre story illustrate? First of all, it becomes clear that transformational leadership, here in the form of the idea and inspiration for building the saving raft, is absolutely necessary in times of crisis such as a shipwreck. On the other hand, an excessive sequence of change can even overwhelm the organization and thus cause its demise. Figure 6.2 illustrates this connection.

As the metaphor makes clear, transformational leadership is needed above all in times of crisis, but also when new opportunities for growth arise. This may be the introduction of new technologies, as in the past 20 years through the Internet, or the opening of new markets, such as the eastward expansion of the EU (European Union). Nevertheless, even in these phases, not only transformational leadership is needed, but it should always be accompanied by a certain degree of transactional leadership. In order to illustrate this, we will now refer to examples from real economic life.

Many readers will still have fond memories of the bursting of the so-called “dotcom bubble” in 2000. At the end of the twentieth century, “dotcoms” meant the founding of new companies whose business model was in some way based on the Internet. Apart from the dubious business start-ups, which were also found in no small number, there were a number

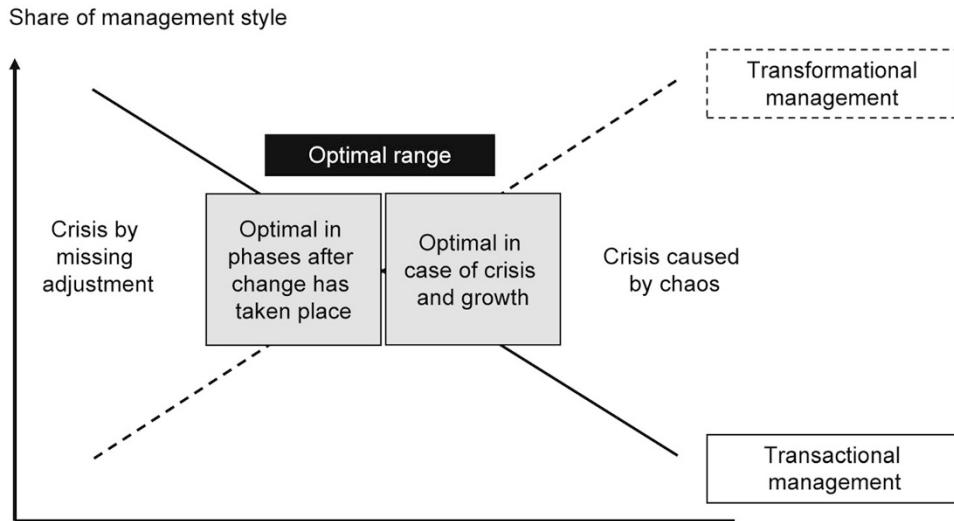


Fig. 6.2 The optimal mixture of transactional and transformational management

of good business ideas, which were endowed with a lot of capital but often ended with the insolvency of the companies. The reason for this was often a management that was too much influenced by the visionary power of transformational leadership, but at the same time lacked traditional management skills in the sense of transactional leadership. Two companies that have done better in this respect and have become stars of the stock market in the long term are eBay and Google.

Transformational and Transactional Leadership on eBay

The founder of eBay, Pierre Omidyar, can certainly be described as a transformational leader. His idea of an online auction house, which initially focused on the collector's environment, quickly expanded into a general marketplace for all kinds of used goods. The company grew rapidly and Omidyar realized that he needed professional management in the sense of an organizing hand. So, against the resistance of his staff, he installed Meg Whitman, an experienced manager, as the new CEO. The mixture in the management of eBay at that time, consisting of the inspirer and innovator Omidyar and the rather conservative Meg Whitman, was certainly one of the main secrets of eBay's success. ◀

Transformational and Transactional Leadership at Google

The situation was similar at Google, where the two founders, students Sergey Brin and Larry Page, had to be encouraged by investors to add an experienced transactional manager to the company. The two Google founders can be regarded as typical transformational managers who have consistently seized the "Internet" opportunity with a

stubbornly pursued idea, namely to construct a search engine rather than a find engine. However, how one could earn money with it was less clear to them when they started the company. Eric Schmidt, an experienced top manager who was brought on board under pressure from investors, knew what to do in this respect. The idea of contextual advertising links, which are displayed next to the results of the search query matching the search term, was born with his help. Brin and Page's vision of providing a fast and accurate search engine was thus maintained, but at the same time the financial side of the business was put in order and the rapid growth resulted.³ ◀

Back to Fig. 6.2, as the shipwreck metaphor made clear, there are also phases in the development of companies in which transformational leadership should rather be scaled back in favor of transactional leadership. This is especially true after rapid growth has occurred or after a crisis has been overcome. As already shown in Fig. 4.6, in the first instance, this always leads to productivity losses, as resistance must be overcome and employees must reorient themselves. If we now proceed with change after change, there is no escape from this productivity loss trap (see also Fig. 5.2). In Sect. 2.2.3 this has been described as a manifestation of the so-called burn-out symptom in companies, which results from excessive change due to pure exuberance of past success.

Summing up what has been said so far, we conclude that the optimal mix of transformational and transactional leadership depends on the phase in which a company is in the process of change. Figure 6.3 expresses this graphically.

Accordingly, at the beginning of change processes a high degree of visionary or in other words transformational leadership is required to initiate the change and also to indicate the direction conceptually. At this stage, the need for change due to crisis or opportunity is great, but the willingness to change is still low among those involved, with the exception of the visionary leader. This also applies to the ability to establish the new. In the course of the change process, the willingness to change increases. This is primarily due to the transformational leadership, which manages to motivate and inspire those involved. Once this stage has been successfully completed, the organization must follow suit by building up its capabilities. This is dealt with in this book under the keyword "re-education" in Chap. 11. A more important factor for the success factor considered here is that when the change is successfully initiated, the ability to manage it efficiently moves step by step into the foreground. This means that first and foremost people are needed that are capable of transactional leadership. The personality theory assumes that a simultaneous talent for transformational and transactional leadership is usually not united in one person. In practice, this leads to the problem of having to replace successful initiators of change with other leaders. This is, even if recognized, usually difficult to communicate and enforce. However, since companies above a certain size are managed by committees and not just individuals, attention should at least be paid to the right mixture of these

³See Vise (2006).

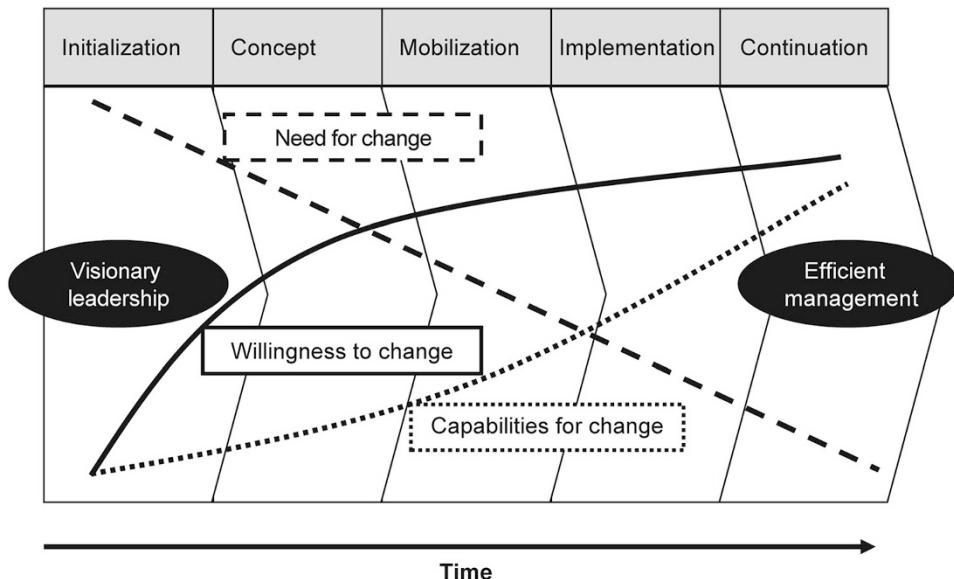


Fig. 6.3 The mixture of visionary leadership and efficient management in the course of corporate change (following Krüger 2006, p. 113)

management bodies when appointing them, even if only by supplementing the existing management, as shown above in the examples of eBay and Google.

6.4 Components of Transformational Leadership

6.4.1 Overview of the Components

Since it is primarily the transformational leadership that is responsible for the change and its initiation, it will now be taken up and examined more closely. The main focus will be on clarifying which behaviors and characteristics people who can be called transformational leaders bring with them.

A study (LEaD) conducted by the Universities of Munich and Bielefeld, in which 100 managers and around 400 employees of German-speaking companies and non-profit organizations were surveyed using a specially developed tool, revealed four roles as key characteristics of transformational leadership.⁴ These are the roles of visionary, problem solver, coach, and authentic role model (see Fig. 6.4). These roles coincide to a large extent with the “House of Leadership” developed by Hinterhuber, which is based on the pillars of “being a visionary”, “being a role model” and “creating prosperity for all”. This last aspect,

⁴See Dörr (2007).

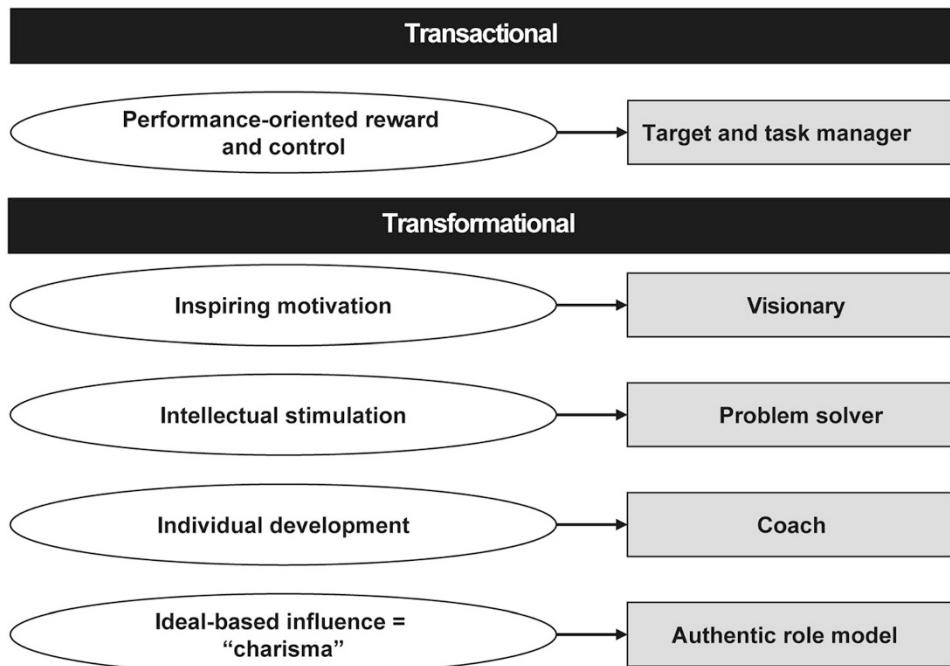


Fig. 6.4 Roles of transformational and transactional leadership (In reference to Dörr 2007, p. 24)

which identifies the leader as someone who takes into account the legitimate interests of all those involved, is to be included here in addition to the roles from the LEaD study, since this aspect is particularly central to overcoming resistance. In addition, the role of the problem solver is subordinated to that of the visionary, since here, as in Chap. 7 the vision is not only understood as an inspiring picture of the future, but is rather a result of analytical thinking, which contributes to the solution of the problem of the sustainability of the company. Accordingly, in the following, transformational leadership is to be regarded as consisting of four roles (see Fig. 6.5).

In addition to the roles that can be characterized as behavioral expectations of others toward a job holder, personality traits as a person's dispositions over time, play a significant role in describing prerequisites for transformational leadership. Accordingly, these personality traits include purposefulness and willpower, which only develop their full force in combination, but do not always occur in combination. Purposefulness and willpower are particularly important because the implementation of visions, even against the initial resistance of those affected and involved, is a central characteristic of transformational leadership. Furthermore, the multidimensional construct of the so-called emotional intelligence plays an important role. This is obvious because transformational leadership is strongly based on the appearance of the person in social situations. If classical management tasks such as goal setting, planning, decision making, and control can be carried out rather

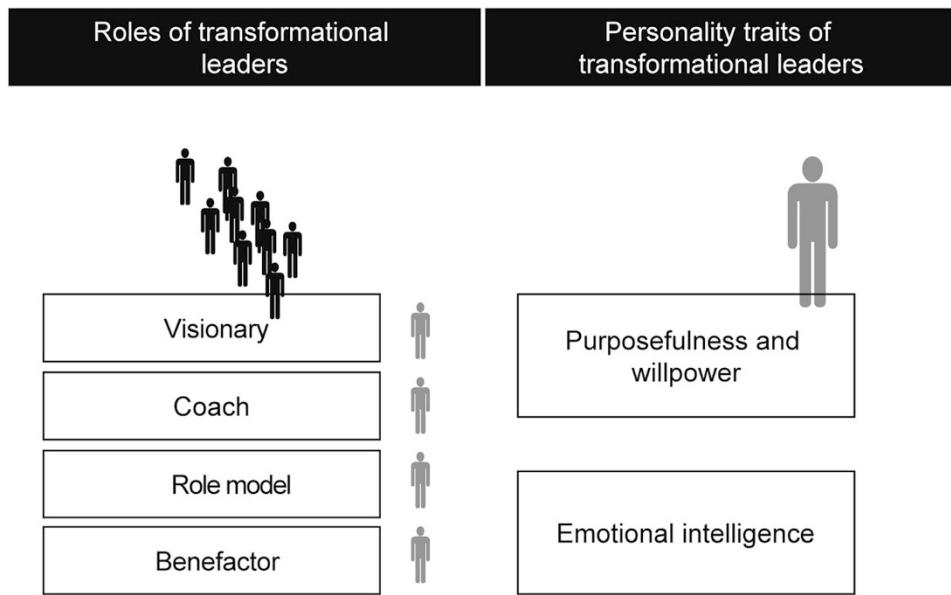


Fig. 6.5 Roles and personality traits of transformational leadership

mechanistically and can certainly be learned, transformational leadership is based on motivation, communication, and inspiration of employees. In this case, emotional and social skills are required to a much greater extent.

In the following sections, the four roles mentioned above will be examined first, followed by the personality traits necessary for initiating change.

6.4.2 The Visionary

Visionaries are motivating realists and not utopians! A vision here means a feasible but challenging vision of the future (more on this in Chap. 7). It is rather the result of a sober analysis, which is, however, daring in the sense that previous assumptions are often questioned. Here are some examples:

Examples of Visionaries in Practice

Who in the airline industry would have really believed that you could offer air travel for the symbolic price of 1 EUR and make a profit (Ryanair)? Who would have thought that designer furniture or high-quality food at low prices would generate the highest industry returns (Ikea, Aldi)? That one can create a lifestyle product in demand worldwide from a rather bland sports brand (Puma) or that one can lay the foundation for a globally operating company empire by selling C-parts, especially screws (Würth)? And who would have thought it possible that complete strangers could exchange non-standard

goods over the Internet with confidence (eBay) or that one could earn billions in a short time with a search engine on the Internet (Google)? And the prototype of the visionary is Tesla founder Elon Musk, who has not only made electromobility en vogue, but also helped payments on the Internet to achieve a breakthrough with Paypal. He is also driven by the vision of making space travel possible for “everyone” with his company Space X. ◀

All the companies and entrepreneurs described above have consistently followed their path even against resistance. The visionary leader questions himself, but does not allow himself to be irritated from the outside by apparent know-it-alls.

In order to convince his employees of a vision, a manager needs two prerequisites:

1. *To convey a sense of purpose for the company and its employees.* The higher the qualification of the workforce, the more the employees feel the need to understand what one should do, why, and how. In the working world, a shift toward more individual responsibility has become established. The employee is less and less the “recipient of orders” and more and more the manager for an area for which he is responsible. Self-motivation is required and necessary. However, this presupposes that one learns to understand one’s own task in a larger context. To convey this context, or in other words meaning, is an absolute prerequisite for the successful establishment of a vision. Especially the young employees, who belong to the so-called Generation Y, that is, those born after 1980, increasingly rely on self-determination and sense of purpose in their professional activities.⁵ This aspect is more likely to increase for the next Generation Z, that is, those born after 2000. Self-realization, opportunities for design and development with a simultaneous work-life balance are playing an increasingly important role here.⁶
2. *The convincing communication of the vision.* Leadership is first and foremost a communicative task. However, successful management in particular is often confused with a talent for the big “show”. As a rule, the visionary does not need and should not be an inspiring mass speaker, but he must be able to present his message to those affected and involved in a sustainable way. Two aspects are particularly important in this respect. On the one hand, it is important to speak in the language of the target groups. A vision is therefore to convey a vision to top managers using a different language style and arguments than those used by industrial employees in production. On the other hand, it is advantageous to use pictorial analogies for communication, regardless of the level of education or hierarchy. A picture is worth a thousand words, as the saying goes, and this also applies to pictorial analogies. It ensures that things are anchored more easily in the consciousness and that essential principles are recognized more quickly (see also

⁵See e.g., Parment (2009, p. 28 ff.).

⁶See Burfeind (2018).

Sect. 7.3.1). The importance of communicating visions with regard to the expectations of managers in the context of change can also be confirmed empirically. This factor ranks second among expectations of managers in both the Capgemini Change Management Study, which has already been mentioned several times, and the Kienbaum Change Study, in which more than 350 managers and employees were surveyed.⁷

Communicating a vision often requires the initiator of change himself to perform a great balancing act. In order to convince the workforce and other interest groups, it is necessary to exemplify a certainty with regard to one's own actions that is so often not there at all.⁸ So the visionary leader:

- Motivate enthusiasm and yet be able to judge the situation soberly.
- Not brand the past in order to avoid unnecessary resistances, while at the same time pointing out the need for change in the future.
- Act deliberately, despite time pressure caused by internal or external causes.
- Build trust with employees, despite unavoidable conflicts and frustrations resulting from the changes.
- Demand 120% commitment from employees, despite the threat of burnout.

All this presupposes a certain form of dealing with employees, which requires less of a style based on authoritarian leadership.

6.4.3 The Coach

We are familiar with the concept of coaching primarily from sports or as a special form of individual personnel development (see also Sect. 11.3.2). Coaching means help for self-help. The coach does not instruct, but rather holds a kind of mirror in front of the coachee—that is the name of the person being coached by him or her—which promotes self-knowledge and initiates necessary measures for personal and substantive change. This mirror shows itself primarily in regular feedback, which should include praise, but also constructive criticism. Feedback is an essential element of employee motivation. Employees who do not receive any feedback whatsoever consider this to be a failure to consider their work and, above all, their individuality, a circumstance that has, incidentally, become even more pronounced among the young Generation Y employees already mentioned above.⁹ This is also easy to understand in terms of communication psychology. Watzlawick's communication axiom,¹⁰ according to which one cannot not communicate,

⁷See Capgemini (2012, p. 33) and Kienbaum (2012, p. 22).

⁸See Rosenstiel (2006).

⁹See Parment (2009, p. 20).

¹⁰See Watzlawick (2000, p. 64).

tells us that the lack of feedback is also communication and most likely interpreted as a disregard for one's own performance and personality. In case of doubt, employees therefore often prefer negative feedback to not receiving any feedback at all. When giving feedback, it is advisable to consider the following rules in order to create positive motivation:

- *In case of doubt, criticism should be more positive than negative.* Above all, one should usually start with the positive aspects in the conversation in order to create a constructive discussion atmosphere.
- *Feedback should be given as soon as possible after the events in question.* This is important, on the one hand, in order to have a fresh memory of all essential information related to the matter in question. On the other hand, the person concerned can always be sure that he/she is aware of the manager's current assessment of his/her person. This last aspect is important for building trust. However, feedback should never be given in the heat of the moment. Especially in the case of negative feedback, it is important that the manager in the role of coach at least waits until his or her own anger has largely subsided emotionally in order to facilitate a constructive dialogue both in terms of argumentation and choice of words.
- *The constructive aspect of feedback results from the factual nature of the argumentation.* For example, evaluative generalizations such as "You always do things unreliably" should be avoided, as they have an unfounded confrontational effect. Instead, orientation toward concrete facts is better suited to promote an attitude of self-critical dialogue with the opposite party.
- *The detailed justification of the feedback, both positive and negative, helps the coachee to better understand and accept what is being said.* It also shows the serious interest in his work and person. As detailed as the justification should be, the employee must also be given room for his own (counter-)arguments.
- *Feedback should be given regularly, but also not inflationary.* For example, constant praise leads to a weakening of the motivating effect and credibility of the message. In the same way, exaggerations in the sense of superlatives should be avoided. This is undoubtedly true in case of criticism—"You are the most incompetent employee I have ever had!"—as well as praise—"A world-class performance!" Even exaggerated praise limits the credibility and competence of the coach.
- *From the situational management theory it is well known that the choice and design of leadership measures should also depend on the person being led.* In this respect, attention must also be paid to the psyche of the respective employee. Those who are generally rather insecure and show a lack of self-confidence are in doubt better to praise once too much than once too little. Justified criticism should be expressed in a particularly objective and constructive manner. For overconfident coachees, on the other hand, it may also be appropriate to bring criticism—but still constructive and objective—to the fore in order to initiate a necessary development. Here again, the formula of Schulz von

Thun applies, according to which acceptance plus conflict is the first step toward development (see Sect. 5.4).

- *Whether praise or criticism, it is an advantage to give feedback in private rather than in the presence of others.* With regard to criticism, this is to avoid exposing the coachee, which might isolate him or her socially as a scapegoat and thus lead to a blockade attitude regarding the constructive acceptance of criticism. But even with praise, public feedback bears risks. For example, others may feel indirectly set back because they do not receive this public praise. This can then also lead to the social isolation of the praised person out of envy.
- *If a rebuke is made to the coach that turns out to be unjustified during the conversation or for any other reason, it is advisable to openly admit this mistake to the person concerned.* Only in this way can the credibility of the coach and the necessarily trusting relationship with the coachee be maintained.

Not everyone is suited to take on the role of coach. Some important qualities should be given:

1. *The coach must value its employees.* This means to really have a basic attitude and to want to promote it. Whether this attitude really exists can be seen not least in those components of communication that transport emotions, such as facial expressions and gestures. In this respect it is difficult to credibly convey such a position if it does not really correspond to the inner attitude. Externally, this supportive attitude finds its correlate in the transfer of responsibility to employees, their involvement in decisions, and the promotion of personal initiative.
2. *The coach has a broad general education.* The Swiss developmental psychologist Piaget has shown that people develop mainly through so-called structural learning.¹¹ In this process, we gradually adapt action structures, that is, the way we react to our environment, on the basis of experience. In the context of this development, it is mainly a matter of increasingly viewing one's own self as part of a larger reality. What reality is, however, is revealed through the structures of action developed so far. The primary school pupil may thus possibly reject his teacher because he (rightly) gets a bad grade. Later on, the same pupil will have learned that fair rules are the basis for performance assessment. This insight will probably be beneficial to the motivation to learn. As a student, it may become clear to him or her that performance assessment in education is a tool for creating social efficiency and effectiveness. In this way he can later slip into the role of a fair assessor himself without having to doubt morally. Employees, especially junior management staff, must go through comparable learning processes in order to understand the relationship of actions, strategies or other similar aspects of a company and its environment as a whole. This does not so much require them to be instructed in

¹¹ See Piaget (1975).

the acquisition of specialist knowledge as it is a matter of breaking out of previously too narrow thought structures. In order for the executive acting as a coach to be able to achieve this, he or she must have a high degree of broad education, that is, general knowledge. This enables the coach to assist in processes of the described structural learning. The more the coach involves his employees in decisions as described above and gives them responsibility, the more opportunity they have to gain new experiences which lead to leaps in knowledge through discussion with the experienced coach.

3. *The coach has experience of success and failure.* It seems trivial that credible coaching also includes the proof of one's own success and does not require further justification. But that failure is also necessary may be surprising at first glance. However, this prerequisite is required from two different perspectives. On the one hand, the coachee will have greater difficulty in accepting a coach who has always been successful without visible problems. The distance to one's own performance and previous experience would be so great that one could doubt the possibility of being successful oneself. This can also take the form of a general rejection of the coach as arrogant. On the other hand, the good teacher or coach can only give valuable advice for further development in difficult situations if he or she has already experienced these situations himself or herself and can therefore understand the problems of the coachee. Many of us may be familiar with the phenomenon of the mathematics teacher or professor of mathematics who understands even intuitively complicated proofs, but is not able to convey them to his students or pupils. The reason for this is usually that the teacher undoubtedly understands higher mathematics, but not why it is not possible to understand it. Only those who are able to understand the situation of the learner will be able to point out ways to achieve learning success. Therefore, own experience of failure is an important characteristic that coaches should bring along. However, in order to be fundamentally credible, success should still outweigh failure in the entire curriculum vitae.

In summary, it can be seen that leadership in the form of coaching motivates the coachees in the sense of Deci & Ryan's self-determination theory (see Sect. 5.5). Feedback ensures social integration, the transfer of responsibility to the employees leads to more autonomy for them and finally to the experience of competence through the successes experienced there.

6.4.4 The Authentic Role Model

"Preaching water and drinking wine yourself" is not a suitable leadership strategy according to popular belief. Those who have high expectations of their employees, and this goes hand in hand with a challenging vision as the basis for change, should live up to these expectations themselves. In the studies by Capgemini and Kienbaum mentioned in the previous section, this role model function of managers in the context of change takes a

unanimous place among the expectations of those affected.¹² The role model function includes first and foremost *untiring dedication to the cause itself*. A few examples may illustrate this:

Case Studies to the Authentic Role Model

The Albrecht brothers, founders of the worldwide operating grocery retailer Aldi, regularly visited their markets themselves in order to understand what concerns employees and customers. They thought about the assortment arrangement and switched off the lighting in meeting rooms when others had forgotten.

At the beginning of the company's history, eBay founder Pierre Omidyar and his employees often went to the cinema or played nerf soccer (soccer with a softball).

Ingvar Kamprad, forefather of Ikea, regularly visited his furniture stores, spoke to the employees, and gave them a warm welcome. ◀

Behavior such as this has primarily symbolic significance, but it signals commitment to the cause, the company, and thus increases the credibility of managers, because they consciously do not set themselves apart from their employees too much and exemplify what is expected of them. However, the decisive factor here is that these principles are lived every day and are not PR actions. Sitting down at a counter or cash register as chairman of the executive board with media impact and with a press or TV contingent does not create this effect; on the contrary, it rather leads to a loss of credibility if it remains the exception. Real proximity to employees and customers has the advantage, in addition to generating credibility, of discovering important information or approaches of negative currents very early and unfiltered in order to fulfil the function of a visionary and proactively initiate change.

Change is risky and those who initiate a lot of new things are very likely to make mistakes. For the role of the authentic role model it is of great importance how to deal with such mistakes. The principle that stands above all else here is *no alibis, no excuses*. Attempts to cover up mistakes or gloss over them are very likely to lead to a loss of credibility in the medium term. As examples from the recent past, outside of the corporate world, numerous doping sinners in sport may be mentioned here, who often affirm their innocence with seemingly adventurous explanations even after overwhelming laboratory evidence.

Admitting a mistake is the only chance to maintain one's authority. It is seen as a sign of justice, trustworthiness, and not least of sovereignty. Finally, it can even lead to an increase in acceptance by the employees, because the manager is given a more human dimension, similar to the necessary experience of failure, as discussed in Sect. 6.4.3.

The role model function also includes a *constant willingness to learn*. If you expect your employees to develop further, you must set an example yourself. Learning processes in the sense of the acquisition of new action structures are not completed even in mature

¹²See Capgemini (2012, p. 33) and Kienbaum (2012, p. 22).

adulthood. Even the dynamic corporate environment (see Sect. 2.1.2) ensures that a constant rethinking of previous assumptions and an expansion of the knowledge base are indispensable.

6.4.5 The Benefactor

Real leaders are not interested in personal enrichment. Wealth plays less of a role here as a path to more luxury, but is at best an indicator of one's own performance, in the sense of the competence experience according to Deci & Ryan, which is important for motivation (see Sect. 5.5). Characteristic of this is that the cause, in the form of the realization of the vision, is consistently placed above the interests of the own person. Symbolically, this is often shown in the relative modesty of the appearance of transformational leaders.

Examples of "Benefactors"

It is known of the Albrecht brothers (founders of grocery retailer Aldi) that they lived modestly compared to their immense wealth, both privately and in terms of their appearance in the company. About Ikea founder Ingvar Kamprad, it is reported that he compared prices on postcards while on holiday before deciding to buy. Pierre Omidyar, the founder of eBay, still drives a rusty VW Beetle convertible. Michael O'Leary, the head of Ryanair, lives in an office with crooked blinds and shaky visitor chairs and receives his guests in jeans. Wal-Mart founder Sam Walton is said to have always driven around in an old pick-up truck with his dog on the loading area. Jochen Zeitz (former CEO of Puma) did without a chauffeur and ate in the canteen like everyone else. Manfred Maus, the founder of do-it-yourself store Obi, "resided" in a simple office. And, a small excursion to one of the greatest leaders in sports history is allowed, seven times Formula 1 champion Michael Schumacher bought jam from Aldi in Germany, according to hearsay, because in his opinion it was too expensive in Switzerland, where he had his residence during his career. ◀

This list could be continued at will, unfortunately with counter-examples, which often go hand in hand with management failure. One cannot therefore avoid the assumption that this is not a coincidence, but rather a principle. In fact, this is also true. This form of modest lifestyle signals to employees that the commitment is to the cause in itself and not to the fulfilment of personal goals such as luxury or fame. This creates a high degree of credibility that motivates others to commit to the cause as well.

The role of benefactor is of course not only symbolic. Internally, it is important that transformation-oriented managers are not afraid of strong people at their side. They will specifically integrate the greatest talents into their leadership circle, which is possible with the role of the coach (see Sect. 6.4.3). In this way, they not only involve the brightest minds in the process of change and thus ensure their support, but also use their potential to introduce and implement further good ideas. If the employees do exactly this, it is crucial

that they themselves also attribute the resulting successes to them and do not claim them in public as the results of their own performance. This would directly counteract the role of the authentic role model (see Sect. 6.4.3) and cause demotivation among top performers.

However, the role of the benefactor does not only extend to employees, but consistently involves all stakeholders.¹³ These interest groups, often referred to as stakeholders, include, for example, the owners, customers, suppliers or the public concerned, for example, in the form of environmental protection groups. Some of the corporate examples used earlier also show the aspect of wealth creation for many stakeholders:

Wealth Creation for Stakeholders: Examples

Pierre Omidyar has repeatedly prevented the eBay portal from being overly commercialized in favor of its original clientele, but he also recognized early on that professional management is needed to survive financially in the e-Economy. Puma had to outsource production to low-wage countries, otherwise the turnaround would not have been successful on the globalized market. However, the company has created strict guidelines that do not tolerate child labor and actively pursues environmental protection goals. Not to forget: Customers often benefit from the product itself, because it was previously not available in this form or at this price-performance ratio. The latter applies in particular to companies such as Aldi or Ryanair, which have established the discount principle in their industries. An important stakeholder group is, of course, their own workforce. They benefit not only from higher job security or wages, but often also from better promotion opportunities. Würth, a world-leading company for selling fastening materials, for example, enables its employees to implement their own ideas in the sense of new business fields and thus to quickly rise to management positions in the subsidiaries that emerge from this. ◀

But the role of the benefactor must not be misunderstood as being shy of making hard decisions. Crisis situations, for example, often cannot be resolved without serious measures such as dismissals of parts of the workforce. In such situations, it remains crucial to set an example. This essentially involves openness with regard to the situation and its consequences, one's own renunciation of luxury, setting an example of strong commitment, and last but not least, conveying the meaning of these tough measures. Sometimes the sense is first and foremost only to save the company and thus the jobs for the remaining workforce. It is all too easy to forget about the success story of Puma today, for example, that the then CEO Jochen Zeitz, who took over the company at a young age in a situation that threatened its liquidity, first had to close down production in Germany and lay off almost half of the workforce to usher in a new, successful era.

¹³See Hinterhuber and Krauthammer (1999).

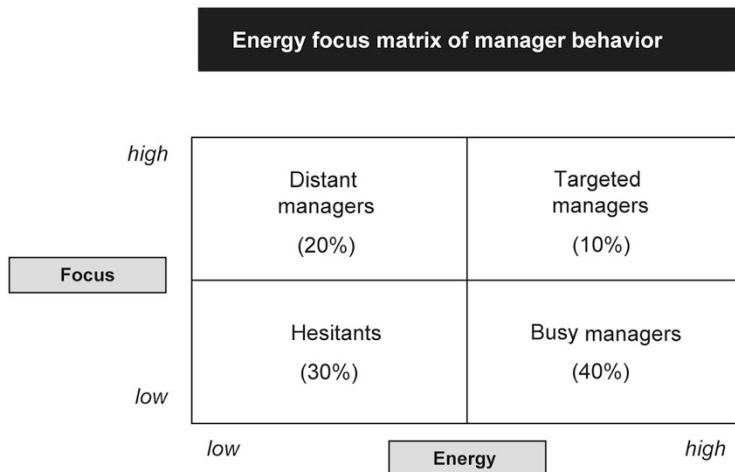


Fig. 6.6 Energy focus matrix of manager behavior (in reference to Bruch 2006, Fig. 1)

6.4.6 Focus and Willpower

Without further explanation, focus seems to be a *sine qua non* for the management. However, a study on managerial behavior carried out at companies in the German-speaking world reveals that only a minority of managers have a pronounced sense of purpose, while most of them become entangled in a network of ad hoc tasks on a daily basis.¹⁴

As Fig. 6.6 shows, managers can therefore be divided into four categories. These result from the comparison of the two dimensions “focus” and “energy”.

- *Focus* refers to the ability to focus attention on the essential things and to pursue goals until they are achieved.
- *Energy*, on the other hand, is the personal commitment, the extraordinary dedication, and the special enthusiasm for the work.

Obviously, the ideal leader would combine both qualities and act as a goal-oriented manager. However, only a minority of about 10% do so in empirical studies. The most common type, on the other hand, is that of the business manager who works tirelessly and also drives his employees, but wastes a lot of energy in the process because he does not focus on the essential things.

Transformational leadership means first and foremost “doing the right thing”, and is oriented toward the ideal of the goal-oriented manager. This is all the more true because it requires not only energy input, but also so-called willpower. Willpower thus includes not only the determination to achieve a certain goal, but also the determination to stick to this

¹⁴See Bruch (2006).

goal, even under adverse circumstances. It is worth remembering that processes of change are associated with strong resistance within the company or its environment (see Chap. 4), it is immediately obvious that this willpower is almost indispensable as a personality trait of transformational leadership.

Willpower: The Example of the Google Founders

Google's success story is once again able to give an insight into what willpower means in practice and what resistance has to be overcome to turn visions into reality. Today, Google is *the Webpage*, listed as a verb ("google") in the dictionary and worth more on the stock exchange than Disney, GM, Ford, and Amazon together. Both first-time shareholders and employees (via action options) benefited equally from the increase in value. The fact that the company was only founded in 1998 by two students from Stanford University hardly seems credible anymore, but it is nevertheless true. Today's icons Sergey Brin and Larry Page had the vision of creating a search engine that would surpass everything known to date in terms of precision and speed. With this, the WWW (World Wide Web) would be opened up as an information medium for everyone. To achieve this goal, they developed a novel algorithm, the so-called page-rank technology. This is based primarily on the evaluation of all links to web pages. This means that the more a website is referred to by another website, the higher its relevance for the user is considered. The fact that this required storing and scanning the entire content of the web, an undertaking that requires incredible computer capacity and complex infrastructure, did not prevent both founders from believing in their idea even in the early days. Already in 1998, they succeeded in inspiring one of the most well-known venture capitalists with their idea to such an extent that he spontaneously issued a check for 100,000 US\$. At that time no company existed at all. With the help of the money, however, one was founded, and in keeping with the company's status, the company moved into a garage as its headquarters for an IT start-up. One year later, after tough negotiations, Brin and Page were able to convince the two largest IT investment companies to jointly raise the sum of US\$ 25 million as further start-up aid. The financial foundation for success was laid and the largest computer infrastructure in the world (consisting of over 100,000 ordinary PCs) was created.¹⁵ ◀

6.4.7 Emotional Intelligence

Emotional intelligence is the second important personality trait that managers should have in order to successfully manage change processes. The term was coined by Daniel Goleman and is the result of a study of executives in nearly 200 major international

¹⁵See Vise (2006).

companies.¹⁶ In his search for characteristics and behaviors that separate successful from less successful managers, Goleman came across five factors that he summarized under the term emotional intelligence. These five factors are in detail:

1. *Self-reflection*: This refers to the ability to recognize one's own moods, feelings, and drives as well as the effect on others. Self-reflection is important as a critical attitude in order to be able to develop further in relation to one's (social) environment, and thus recognize the need for change. On the other hand, it also teaches you to discover the strengths of your own person. Goleman therefore calls it a source of self-confidence.
2. *Self-control*: It includes the ability to control sudden impulses and moods. Self-control enables a regulated social interaction and is thus the basis for trustworthiness. Since social resistance in particular is often a side effect of change in companies, self-control leads to the de-escalation of potential conflicts. The magic formula according to Schulz von Thun, according to which acceptance plus conflict lead to development (see Sect. 5.4), can be seen here, as self-control increases acceptance in critical situations. But Goleman also describes it as the basis of openness to new things. The person who knows that he/she is also behaving in a controlled manner in new and thus potentially critical situations is more likely to take the risk of getting involved in such new situations.
3. *Motivation*: It represents the dedication to work for reasons beyond money and thus corresponds well with parts of the role as a role model. According to Goleman, it is the basis for willpower, which has already been discussed in Sect. 6.4.6.
4. *Empathy*: This refers to the ability to empathize with the emotional world of others. In this way, social situations can be viewed and analyzed from a neutral position, so to speak, which encompasses the feelings, thoughts, and intentions of all those involved, including oneself (see self-reflection). Empathy is extremely important to understand the role of the coach (see Sect. 6.4.3), because as a coach you have to be able to put yourself in the other person's shoes and also his or her current problems in order to develop solutions together.
5. *Social skills*: In Goleman it appears as a subset of emotional intelligence and includes the ability to maintain relationships and build networks. Goleman describes it as a prerequisite for leadership in change par excellence. The reasons for this can be sought in two directions. On the one hand, the broad acceptance of those affected is once again needed in order to initiate and implement change associated with resistance. On the other hand, social networks are also a store of knowledge about the corporate environment and internal developments within the company. Thus, apparently undirected communication transports valuable information that can contain knowledge about risks and opportunities at the same time. In addition, networks are reservoirs of experts who can be called upon to deal with newly emerging issues in the context of change.

¹⁶See Goleman (2004).

6.5 Practice Check

As far as the success factor “person” is concerned, it is less appropriate to present certain methods than to offer a small personality test to assess the extent to which you are able to fulfil the roles of a transformational leader or not. Please answer the questions below as self-critically as possible. An evaluation can be found at the end of the Section.

1. Have you developed significant new concepts in the areas for which you are responsible in the past and successfully introduced them?

Often Rarely Once Never

2. Think about the last major change you initiated as a leader. Were your employees explicitly, personally and thoroughly informed about the background and the goals associated with the introduction?

Yes Partly Hardly Not at all

3. Have you adapted the communication of the planned innovations to the target groups (employees, other managers) in terms of language, presentation materials or duration of the announcement?

Yes Partly Hardly Not at all

4. Do you sometimes find it difficult to listen attentively to your employees?

Never Rarely Sometimes Often

5. Think specifically about one of your employees. When did you last praise him or her in concrete terms?

Within the last 24 hours Within the last week
 Within the last month Longer ago

6. Remember the last time an employee came to you with a suggestion that he wanted to introduce something new in your area of responsibility from which he would not directly benefit himself. How did you react?

Agreeing Constructive Critical Rejecting

7. How long do you work compared to your employees?

Longer Equal long Shorter Much shorter

8. Try to remember a situation where you yourself have made a mistake, e.g., criticizing someone unjustifiably, how did you react?

Admitted errors spontaneously Admitted errors on request
 Tried to justify myself Continued to deny errors

9. Compare your office with the average office of your employees. How does your office appear:

Hardly any differences Slightly more appealing
 Significantly more luxurious Much more luxurious

10. Think of a situation in which you have presented to other managers something that has been worked out by one or more of your employees. Did you mention their name as the author in praise?

In writing on the documents Orally in the presentation,
 On demand Not at all

Evaluation

Please now allocate points per ticked field. You receive:

- Four points if you have chosen the first answer,
- Three points if you have chosen the second answer, top right,
- Two points if you have chosen the third answer, bottom left,
- One point if you have chosen the fourth answer, bottom right.

Now add up the sum of the points and compare the result with the following evaluation:

35–40 Points

You already very much embody the role of a transformational leader. You seem predestined to initiate change.

25–34 Points

In some aspects you can already fulfil the role expectations that you need as a manager in charge, but there is still room for improvement. You should take another close look at the questions in which you received few points and compare the answers with the explanations in this chapter. Note down your problem areas and try to find concrete solutions for upcoming tasks. Put the list in a place where you come across it more often and check your progress. You can then, for example, fill in the same list of questions from above 3 months later and see if you score significantly higher.

Less than 25 Points

Either you as a person are less suitable for transformational leadership or your environment, for example, the corporate culture, does not allow this. If the former is the case, your talents may lie more in transactional leadership, that is, efficient management. This is, as shown in Sect. 6.3, an important characteristic that is particularly in demand in the second phase of change processes. Try to get involved there, and if there is a need for change, get a manager with transformational skills at your side to initiate the processes. Perhaps one of your employees also has the appropriate talents and you can support him or her in a targeted manner. If you want to develop yourself into a transformational force, you will definitely need a whole range of training and ideally also complementary coaching.

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Vision as a Success Factor: Setting Motivating Goals

7

Visions point the way for change and thus provide a basic orientation. They are not utopias, but realistic, yet challenging picture of the future as the result of a sober analysis of the company and its environment. In order for visions to develop positively, they must above all be designed in a company-specific way, be formulated in a comprehensible manner, be able to inspire those affected, and offer concrete points of reference for implementation. If the realization of visions should result in disadvantages for subgroups, the ethical reflection of the vision *before* their publication is required. From a methodological point of view, it is advisable to involve a wider circle of stakeholders already when formulating the visions, but also when reviewing their implementation to date.

7.1 Concept and Contribution to Success

7.1.1 Concept

In Sect. 6.4.2, it has already been said that visionaries are initiators of change and not utopians. In this respect, it should be mentioned again that a vision is anything but an unrealistic picture of the future. Rather, it is an ambitious state of the company or organizational unit that can be realized in the future with appropriate effort. Above all, the vision has an internal impact. It is intended to make clear to its own staff what the long-term corporate goals are and at the same time motivate the workforce to pursue these goals with energy.

In this respect, the vision should be distinguished from related terms, for example, *mission*. It indicates how a company wants to be seen externally, often primarily by its

customers.¹ A well known example is Google's mission: "To organize the world's information and make it universally accessible and useful."

Corporate mission statement and vision are not so clearly distinguishable. With regard to visions as the basis of change processes, however, it must be said that most corporate mission statements are less future-oriented, that is, they do not specify where a company should move *in future*. Instead, an orientation toward the so-called Davos Manifesto has become established. This document was created during the third European Management Symposium in Davos in 1973. It demands that the interests of the various stakeholders, such as owners, employees, customers, or the public, be safeguarded together. It also proclaims goals such as profitability, innovation, or environmental protection. The problem with mission statements formulated in this way is their interchangeability. They are often neither characteristic of a particular company nor of a particular development phase in which it is currently in.

7.1.2 An Example

The sportswear company Puma can be cited as a successful example of how a good vision is the basis for successful change management. With a previously defined vision of how the company should be transformed in three future-oriented steps, one of the entrepreneurial success stories of the last two decades in Germany could be described from an acute crisis situation.

Corporate Vision at Puma

The Puma company was founded in 1948 by separating the shoe factory founded by the brothers Adi and Rudolf Dassler into the companies Adidas and Puma. Although Puma was the "little brother" compared to Adidas, both companies were able to start a worldwide triumphal procession and developed the Franconian town of Herzogenaurach into the hub of the sporting goods world in the 1960s and 1970s. As a result, they relied on the acquired product competence and the successes of the top athletes equipped by Puma (such as tennis star Boris Becker) and invested very little in advertising measures. Puma wanted to take advantage of the "Becker Boom" and to become the market leader in terms of volume with cheap offers. But to no avail, as in the mid-1980s, the market changed visibly. Anglo-American newcomers on European markets such as Nike or Reebok relied more on fashionable design instead of product competence and aggressively promoted their product range. As a result, Adidas and Puma increasingly fell behind with young customers. The result was a serious corporate crisis at Puma, which was exacerbated by the fact that the company continued to rely on costly domestic production while the competition was producing in low-cost countries.

After Rudolf Dassler's heirs had to part with their capital majority in 1989, Jochen Zeitz, an extremely young (then just 30 years old) new CEO, took over the

¹See Friedag and Schmidt (2000, p. 91 ff.).

responsibility and led Puma back on the road to success with a two-phase program. These phases, which Zeitz had previously formulated as a vision, each involved a considerable change in the company:

Phase 1 (1993–1997)	During this time Zeitz relied on slimming down of Puma. Production was relocated to low-cost countries, the German workforce was halved. Already in 1994 Zeitz managed to get back into the profit zone.
Phase 2 (1998–2002)	It was during this period that the foundation for the actual success was laid. The decisive factor here was a change in the brand toward a sports lifestyle. For this purpose, the budgets for marketing and development were drastically increased and advertising media from the music and show scene (such as Madonna) or pop-like sports stars (such as Serena Williams) were acquired. Puma products were no longer necessarily sold in sports shops, but increasingly in trendy boutiques. As a flanking measure, the “selling off” of the products in retail outlets was stopped. The company also underwent internationalization, including the opening of offices in the USA and the Far East. The result of this change was overwhelming. In 2002 alone, sales growth was 52.1% and returns were three times higher than those of the competition in the industry.

The company's own top designers were responsible for identifying trends early on or even setting them themselves. They did not look at competitors like Nike, but consistently did “their own thing”.

Following the successful phases 1 and 2, phase 3 was launched in 2003. Since then, Puma has been returning more strongly to the functional sports sector and is set to become the most sought-after sports brand in the world. Its strong commitment to professional football (among other things as a supplier to German football club Borussia Dortmund) shows that this path is now being pursued consistently—although recently with less Fortune and since 2011 without Jochen Zeitz as CEO. ◀

7.1.3 Contribution to Success

So what is so important about a vision that it can be described as one of the success factors of change management? There are two things in particular:

1. *Providing a clear direction for change:* In this way the vision creates orientation. The higher the level of education of the employees, the more they not only want to carry out instructions, but also to understand what the whole thing is for and what the background of the chosen path is. At the same time, this also enables the employees to carry out their tasks better and in a more targeted manner. This is particularly important because in today's working world, the scope for the execution of activities is generally increasing. Two effects are responsible for this: On the one hand, simple manual or administrative

tasks are increasingly being automated, and on the other hand, the active participation of everyone in the optimization of the conditions is required, for example in quality management.

2. *The motivation of the employees:* Often the knowledge of the direction is not only important for orientation but also a necessary condition for the development of motivation. Only when those affected and involved recognize that a worthwhile goal is being pursued do they grasp the meaning of their actions and commit themselves to the cause. This is not only about extrinsic motivation in the sense of receiving a reward, but rather about intrinsic motivation, which arises from the knowledge of the general sense of one's own efforts.

7.2 Conditions for Effective Visions

Now, what needs to be considered in order to design a vision correctly and to use it in a promising way. A closer look at the Puma case study (see Sect. 7.1.2), some principles can be seen which will be listed here in general terms:

1. *Conciseness and individuality in relation to the respective company:* A vision must not be formulated in such a way that it is interchangeable between companies or between different periods of time in the company. Especially as a basis for change management, it is of considerable importance that the actual and specific need for change is signaled. In the case of Puma, for example, the three phases of the change management process were formulated in such a way as to specify what should be changed with regard to the existing company, such as the change to a sports lifestyle brand. Unfortunately, many corporate visions are formulated far too general and are therefore interchangeable. A pleasing tone toward all interest groups in the company replaces here the concrete directional statement, which is however indispensable for orientation.
2. *Motivational effect on employees:* Besides orientation, motivation is a central component of a good vision. To this end, the vision must describe a state of affairs that is desirable for the majority of those involved and affected. Here, a picture has to be created that triggers a fascinating effect, but must not be so distant that it is dismissed as utopia. Accessibility must remain conceivable, otherwise the motivating force will fizzle out in advance. In the Puma example, the company therefore proceeded step by step in this sense. The idea of becoming a coveted sports lifestyle brand was ambitious, but in the preceding crisis of the company it was easier to imagine than the vision of becoming the world's most coveted sports brand, which would reach even further into the future. And finally, this very ambitious goal became more imaginable via the intermediate stage of the sports lifestyle brand. A group of researchers led by the Munich psychologist Hugo M. Kehr has found out in several experiments and studies on the effect of visions that two aspects, in particular, must be fulfilled if visions are to develop a motivational force²:

²See Strasser et al. (2011).

- First, classical motives such as performance, power, and social connection must be addressed. In laboratory experiments, hormonal changes in the test persons recruited from among the students could be demonstrated in this context. In a first round, the participants should imagine celebrating their successful exams with fellow students, family, and friends. The social connection motive addressed here did indeed lead to an increase in progesterone levels. In a second round, it was mentally simulated to be praised by a professor for the successful completion of the exam and to be applauded by the audience. Here, too, the activation of the performance and power motive was demonstrated, this time in the form of an increase in testosterone levels.
- Second, the motivation is increased by visions, if they produce concrete and desirable images. Image is to be understood here quite literally, as the method of *vision work* presented in Sect. 7.3.1 will show. In order to prove this empirically, a study of six randomly selected DAX companies had their visions assessed by 58 people with regard to visualization and the generation of an inner image. The vision of the leading travel business company TUI—“The World of TUI is the most beautiful time of the year”—came off best here, that of telecom company Deutsche Telekom AG—“As the leading service company in the telecommunications and information technology industry, we unite society for a better future. With the highest quality, efficiently and innovatively for the benefit of our customers. In every respect.”—the least good.

Corporate Vision at Microsoft

The corporate vision of Microsoft in its older and newer form can be seen as an example of a development toward less conciseness and individuality, and thus a lower motivational effect. This was the original vision³:

A personal computer in every home running Microsoft software.

This vision is clear and specific to a software manufacturer. It is also easy to get an idea of such a world. This concise corporate vision has been replaced—for whatever reason—by the following:

Global diversity and inclusion is an integral and inherent part of our culture, fueling our business growth while allowing us to attract, develop, and retain this best talent, to be more innovative in the products and services we develop, in the way we solve problems, and in the way we serve the needs of an increasingly global and diverse customer and partner base.

³See Wigand (2014).

The length of the vision alone makes it considerably more difficult to understand (see point 4) and thus does not evoke any images in the reader's head. Moreover, this vision could stand for any company, and not only in the computer industry. ◀

3. *Ethical correctness:* The fact that visions should describe desirable states does not exclude the possibility that visions may lead to disadvantages for individuals. In the first place, care should be taken to ensure that the assessment of "desirable" results from a general perspective, taking into account overall interests. In the case of Puma, for example, production had to be relocated abroad in order to remain competitive with its major competitors. The alternative would have been "keep it up" with the medium-term demise of the entire company. From the perspective of the neutral observer, this was a hard but necessary decision for parts within the company. This is ethically justifiable if some groups do not profit unnecessarily at the expense of others, but the best solution from an overall perspective was sought. The US-American moral philosopher John Rawls⁴ has developed a pragmatic guideline for this purpose, the so-called "veil of ignorance", with which it is quite easy to judge whether one's own actions are ethically correct. In simple terms, this can be imagined in such a way that before making a decision, one stands at a kind of world gate and does not know in which role one slips (e.g., manager, employee, and owner) when entering the world in the next step. The decision, or in this case vision, which one considers to be the right one in this imaginary situation is also morally justifiable, as it weighs up the interests of all from a neutral point of view in terms of justification and meaning. Especially when formulating visions which, as in the case of corporate change, often inevitably lead to concrete disadvantages for some, one should face up to this thought experiment. Decisions that stand up to this moral "test" will usually be well communicated. This is especially true if the initiators of the change, that is, usually the company management, also exemplify the consequences of the vision. If, for example, cuts are initially demanded, the management itself should also suffer noticeable (!) restrictions. If new ways of thinking and acting are on the agenda, the initiators must be the first to apply them in a credible and authentic way. The importance of these aspects is demonstrated by the Capgemini study on change management,⁵ according to which management commitment and credibility are the most important success factors for change.
4. *Clear, understandable formulation:* The American management theorist J. P. Kotter demands that a vision can be successfully explained within 5 min.⁶ This demand is understandable when one considers that a vision has to convince a large number of people with different functions, educational levels, and hierarchical levels. Therefore, it

⁴See Rawls (2006).

⁵See Capgemini (2008, Fig. 23).

⁶See Kotter (1998) and Stolzenberg and Heberle (2006, p. 14).

is not only important to be brief, but also that the language is simply chosen. Short, concise sentences, and pictorial analogies help here. The latter especially because pictures not only allow us to communicate more briefly, but also—as shown in 2 above—have a stronger effect on our emotions and are thus able to develop even greater motivation. A pictorial analogy could be to compare a company crisis with a serious illness. In this case, it does not help to temporarily numb symptoms by taking painkillers; instead, serious therapies may be necessary, which can also be painful, but bring real healing.

5. *Operationalizability with simultaneous flexibility:* Operationalizability means the ability to translate the vision into clear goals and measures. Although the vision is kept rather general, it should nevertheless provide an orientation in such a way that the individual groups in the company can develop ideas about the direction in which change should be driven. In doing so, however, freedom for design must be left, because autonomy promotes intrinsic motivation, as shown in Sect. 5.5. In addition, the remaining freedom ensures that employees in those areas in which they have greater expertise than the initiators of the change use this specialist knowledge to find the best possible implementation within the given framework of the vision. The Puma case study (see Sect. 7.1.2) can be seen here as a successful symbiosis of operationalizability and flexibility. It was made very clear in which direction the change should proceed in concrete terms, toward a sports lifestyle brand, but the concrete implementation remained largely open and owed to the respective situation and expertise.

7.3 Selected Methods

In the following, two methods are presented with which, on the one hand, a vision can be worked out in practice (vision work method), and on the other hand, its sustainable implementation can be pursued (vision review).

7.3.1 Vision Work Method

The acceptance of a vision is fundamentally greater if broad sections of the company are already involved in its formulation and the mission statement is not imposed from above or even externally prescribed by an agency.⁷ The vision work method developed by Schulze,⁸ makes use of this knowledge and is also based on the insight already explained above that visions achieve an emotional and thus motivating effect primarily through images. Consequently, this circumstance is transformed into the starting point of vision development. For

⁷See Heinrich and Spengler (2007, p. 17 f.).

⁸See Schulze (2006, p. 207 ff.).

this purpose, a one-day workshop with a quite large group is held under the guidance of a trained moderator. The course of the workshop is divided into five steps:

1. *Creative phase*: Each participant in the workshop is first given the task of drawing one or more pictures that visually represent the future of the company. The participants' imagination must be allowed free rein.
2. *Gallery phase*: In the second step, the pictures painted by the participants are exhibited in a kind of vernissage. All participants are now given the task of looking at the exhibition and choosing their favorite pictures (one or a few). The favorite pictures must not be from the participants' own collection, but must be works painted by colleagues.
3. *Interpretation phase*: Now the participants are asked to write the thoughts on their favorite pictures, as they interpret them, in keywords on moderation cards. The cards are then collected by the moderator.
4. *Evaluation phase*: The moderator of the workshop now divides the whole group into subgroups with a maximum of four participants each. Each of these groups is assigned a randomly selected equal share from the well-mixed total number of labeled moderation cards. The task of the group is now to summarize the assigned cards on about three cards. These new cards are collected by the moderator.
5. *Conclusion phase*: The collected cards are hung on a pinboard by the moderator and clustered into categories. On the basis of these categories, the whole group now formulates a vision in whole sentences.

Schulze reports that often the pictures themselves have such a motivating effect that the participants have them framed and hang them in their office or meeting rooms afterward.

7.3.2 Vision Review

This method from Stolzenberg and Heberle⁹ presented here serves to ensure a sustainable implementation of visions. Visions all too easily run the risk of not developing a changing force after they have been formulated. Once formulated, they fall victim to the proverbial danger that "You can write anything on paper". However, in the case of change management they do not fulfil their core task, which is *initiation* of change. In order to ensure this, a kind of vision-controlling is a good way to clarify, point by point, to what extent the state or change formulated in the vision has already been realized.

The review can be organized in the form of a workshop in which key representatives of the formulation of the vision participate. These representatives then create a so-called "fever curve" for each point of the vision, either together (in small groups) or in sub-groups (see Fig. 7.1), which indicates the development on the way to the fulfilment of the vision in

⁹See Stolzenberg and Heberle (2006, p. 56 ff.).

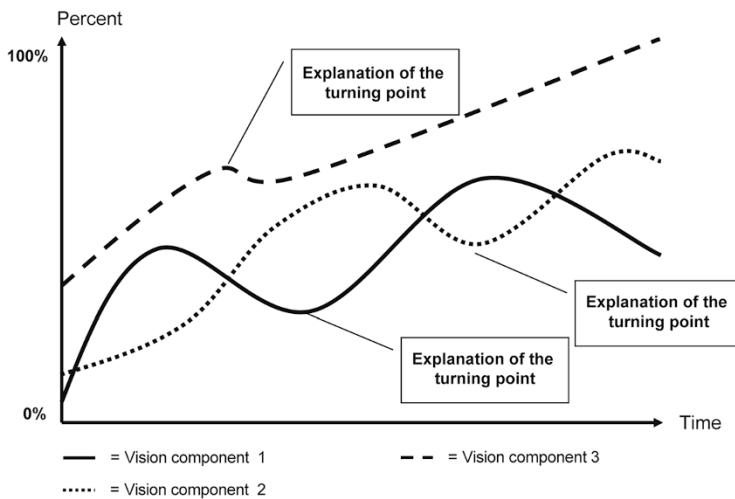


Fig. 7.1 Fever curve in the vision review (following Stolzenberg and Heberle 2006, p. 59)

percentage. The curves created are then commented on as they progress, in particular, turning points and vertexes that show critical phases of development are marked and named. This not only reminds everyone retrospectively of the course of the project to date, but also enables new insights to be gained into the causes of progress and regression.

This is particularly helpful with regard to the next step, where the workshop team will analyze the problems of content whose development has lagged far behind. On the basis of the insights gained in this way, new or modified measures are finally defined which should help to pursue the desired vision more purposefully.

7.4 Practice Check

In the practice check, it is necessary to check the vision of effectiveness formulated for your company or the respective object of change with regard to the prerequisites for effectiveness. Practice check should not be carried out in a mental way, but rather with the involvement of the external and internal world of the company. The following test procedures can be used for the individual prerequisites:

1. *Examination of conciseness and individuality with regard to the respective company:*
To verify this prerequisite, three visions of companies in the same industry and three of companies in other industries should be researched, which is quite easy in the age of the Internet. Now compare the visions in terms of content, that is, with regard to whether the other companies are aiming for the same goals as your company, or whether they have slightly different wording. The degree of overlap may be greater within the industry than

outside. As a guideline, the following values apply here: If your vision is more than 50% comparable with the companies outside the industry, it is clearly not individual enough. Within the industry, the degree of agreement should not exceed 75%. The percentage values refer to the content formulated in the vision, as if they were each named with a keyword, for example, innovative or customer-friendly.

2. *Testing the motivational effect on the employees:* In order to check this requirement, it is a good idea to interview some employees after the formulation and before the vision is published. This need not be done in a standardized form. Rather, it is sufficient to give the vision to five to ten employees to read and then to ask them directly: (a) whether they can identify with the vision and (b) whether they see opportunities to become particularly committed to this vision? In order for this test to produce valid results, the employees should be made aware that negative assessments are expressly desired just as much as positive ones and that the assessment is not used to draw conclusions about their attitude to work.
3. *Testing for ethical correctness:* Ethical correctness can be most appropriately carried out by the thought experiment with the World Gate listed in Sect. 7.2. For this purpose, write down the most important interest groups that are affected positively or negatively by the implementation of the vision, such as production workers, administrative staff, owners, managers, environmentalists, etc. Now imagine that you are standing in front of the gate that allows you to enter the world, but you do not know which of the interest groups you will live in this world as a representative of. Would you continue to formulate the vision in the same way? If so, it is probably ethically correct.
4. *Clear, comprehensible wording:* Whether the vision is clearly and comprehensibly formulated is best judged by outsiders who have as little to do with similar things as possible. So ask people in your private environment who have as little to do with you professionally as possible. These can be your own children from adolescence, your retired neighbor, the taxi driver, etc. Make conscious use of opportunities in everyday life. Give these people the vision to read and ask, *if there's something in there they don't understand*. They should not ask "whether the vision is understandable", because out of politeness or insecurity, an untrue "yes" can be asked too quickly. The question about incomprehensible individual points is, however, more concrete and already contains to a greater extent the possibility that something partially incomprehensible could be contained, regardless of the person making the assessment.
5. *Testing for operationalizability and flexibility:* This last point should also be checked with selected people in the company before the vision is published. For this purpose, it is advisable to present the planned vision to approximately five representatives of the middle management of different functional areas. These representatives are given the task of developing proposals for measures for as many of the contents of the vision as possible within an hour for the area for which they are responsible or for related areas. If this works well for most of them, that is, if all of them are able to propose measures for at least 50% of the points addressed in the vision, the vision appears to be operationalizable. In the briefing of the test persons it should be pointed out that the

proposed measures do not necessarily have to be measures that can actually be taken, since in practice a differentiated evaluation according to feasibility and benefit must be made. Thus, the interviewees should not take into account budget restrictions, previous company policy or their actual decision-making authority.

If the requirements are all sufficiently fulfilled, the vision can be published in this way. If this is not the case, the committee or team that developed the vision should make targeted changes to the weaknesses that have been identified.

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Communication as a Success Factor: Avoiding and Overcoming Resistance

8

Communication is undoubtedly one of the decisive success factors of change management, which is contained in almost all other success factors, because leadership itself is primarily applied communication. Communication creates transparency and thus orientation, but it also serves to resolve conflicts and resistance. Communication comes in many forms. Personal communication, including gestures and facial expressions, plays an important role in change management because it is more motivating and less ambiguous. The goals and background of the intended change should also be communicated promptly and, if possible, to all those affected at the same time and in a language specifically oriented to the target group. Depending on whether the communication is at the beginning of a corporate change or in the course of the change, different instruments should be used. Especially for overcoming resistance during the course of change, the mastery of specific communication techniques is of great importance in the context of conducting a conversation.

8.1 Concept and Contribution to Success

Communication is undoubtedly one of the decisive success factors in the context of change management. This is due to the fact that leadership as such is essentially based on communication. In Chap. 4, it has already been explained that communication is not only a success factor of successful change management, but also comes in the form of a potential failure factor. This was generally attributed to the fact that communication is always open to interpretation, which in the case of misinterpretation can lead to misunderstandings and consequently to conflicts. In the following, the main types of communication are presented in general terms, before the contribution of communication to the success of change is discussed in detail.

8.1.1 Concept

Communication here should include all forms of interpersonal transmission of information or messages in the context of change processes. In order to understand the essential characteristics of communication that are useful for our purposes, communication can be classified and described in the context of four pairs of opposites.

1. Communication can be *formal or informal*. Formal communication takes place, for example, within the framework of meetings with a defined agenda or in the course of a management board or supervisory board meeting. Written communication, whether by letter or e-mail, is also often considered formal communication within companies. Informal communication is more frequent and probably also more important, especially for change management. It includes everything outside the formal protocol. They can be found in the “in between” conversation, the table talk in the company restaurant, private e-mail or a conversation on the fringes of a formal meeting or in the elevator. Decisions are made formally within the framework of formal communication, but it is widely known that often only what has long been decided on an informal level is approved. This informal influence process is also known as micropolitics.¹ The term “micro” means that it is about the processes of influence on a small or hidden scale. Here it is often a matter of asserting individual interests in two-way or three-way talks. Micropolitics does not take place in a “lawless space”, but generally adheres to the limits of orderly coexistence. Nevertheless, there are influence tactics such as “ingratiation”, the famous “horse-trading” or the “creation of facts” to use the normative power of the factual. In this respect, the success of processes of change is also strongly dependent on micropolitics constituted by informal communication. And only those who keep an eye on this informal communication will be informed—for example, about resistance to change—and will themselves be able to inform and communicate effectively. Provided that the limits of legality and legitimacy are respected, this is not something disreputable, but an unalterable reality in everyday corporate life. However, informal communication not only serves to influence, it is also an eminently important factor in the transfer and distribution of knowledge in companies. In informal discussions, private matters are usually exchanged just as much as those relevant to one’s own workplace. In this respect, creating sufficient opportunities for informal communication is in the vital interest of every company, because the exchange of knowledge ensures that information gets to where it is needed to respond to internal and external challenges. This fact will be discussed later in connection with the success factor “evolution” (see Chap. 14).
2. If two members of a company talk to each other, this is referred to as *symmetrical communication*. The opposite is *asymmetric communication*, for example, when the board sends an e-mail to everyone reporting a new fact. When announcing important

¹See Neuberger (2002, p. 680 ff.).

news in change processes, communication will often necessarily be asymmetrical. To ensure that communication is as clear as possible, however, symmetric dialogue is a good way of ensuring that questions and explanations can be asked. Asymmetrical communication in the context of change projects is generally subject to the danger that those affected are given the feeling that they are facing a fait accompli. At the same time, the lack of the opportunity to ask questions can mean that misunderstandings, which are commonplace in communication, cannot be resolved directly. For this reason alone, it is clear that change management must not be based solely on asymmetrical communication.

3. Symmetric communication is usually personal and medial, whereas asymmetric communication is often, but not necessarily, medially communicated. The difference between personal and media communication is not actually a dichotomous opposition, but in practice it is more a continuum between these two extremes. This is all the more true as modern communication media are increasingly closing the remaining gaps on this continuum. Most personal is the face-to-face dialogue between two or more people. The most medial is certainly a TV or radio broadcast. If one takes these two extremes as cornerstones of the continuum, then in ascending media order one finds: Video telephony, telephony, live chat, instant messaging, e-mail, and letter. Since the emotional component is often important in communication, personal communication naturally plays an important role in change management. However, as with asymmetric communication, change management is hardly conceivable without the use of media. The increasing interactivity of electronic media gives rise to the opportunity to get in touch with many people simultaneously and, in the form of Web 2.0, also more symmetrically than was the case a few years and decades ago.
4. The abovementioned fact that communication easily fails is due to the division into so-called *digital and analog communication*. Digital refers here, as an exception, not to modern communication technology, but to the spoken or written word. Apart from hearing or reading errors, the spoken or written word can be understood relatively unambiguously. Thus “yes” means “yes” and “no” means “no”. However, it is not yet clear what is meant by “yes” or “no”. In far eastern cultures, for example, we know that a direct “no” is considered impolite there and is disguised in “embellished” forms of “yes”. Deciphering this meaning requires cultural background knowledge, but also, and above all, the possibility of interpreting the so-called analogous part of communication. This means gestures, facial expressions, intonation, and proxemics. Proxemics refers to the spatial arrangement in the context of communication processes, for example, the distance one keeps from the communication partner when speaking. These analogous parts of communication are either not directly accessible to us, as in media communication, or their interpretation is not very clear. Without analog communication, however, important parts of what is said are lost. These are above all the emotional aspects, which, according to the “iceberg model” (see Sect. 4.3.1) contain the emotional components that ultimately make the decisive difference between understanding and not understanding and can thus avoid or trigger conflicts.

8.1.2 Contribution to Success

Communication can be described as a kind of catalyst for change management. It alone is not enough to successfully manage change, but without it, change cannot be initiated or implemented. As a catalyst of change, it fulfills the following tasks in particular:

1. *Creation of informational transparency*: For a change to take place as smoothly as possible and as efficiently as possible, it is necessary that those involved and affected are sufficiently informed. This includes two things first and foremost:
 - Communicating the reasons for change, in order to demonstrate its necessity to all.
 - The naming of visions and goals so that every individual in the organization knows what to strive for.
2. *Identifying and mitigating resistance*: Resistance ultimately arises from failed communication processes, especially resistance in need of explanation (see Sect. 4.3.1). In this respect, communication is also the way to successfully overcome these resistances. In Sect. 8.4, particular attention will be paid to what needs to be taken into account in relation to communication for dealing with resistance productively.
3. *Reinforcement of the process in the sense of positive feedback*: Change management not only requires communication as a catalyst to trigger processes of change, but communication is also of considerable importance for fomenting ongoing processes. It is often overlooked that skepticism still prevails, especially at the beginning of change processes. This will lead to resistance, if the success of the measures introduced does not quickly become apparent. In this respect, feedback to all is necessary to ensure that the initiated efforts are already producing initial successes. This maintains or even increases motivation.
4. *Promotion of social inclusion*: The fact that change often means meeting and working together with people who were previously strangers to each other has already been mentioned. That is why integration will also be one of the success factors discussed in this book (see Chap. 10). Here too, communication is the basis for success. Rejection is often made clear through analogous communication (facial expressions, gestures, tone of voice, proxemics). Digital, that is, linguistic, communication must help to overcome these social aversions and to find a way of working together—even if it is through open, rational communication about this very problem.

8.2 Conditions for Effective Communication

What needs to be considered in order to use the communication catalyst successfully in the context of corporate change? The following aspects can be mentioned on the basis of what has been said so far²:

²See also Vahs and Leiser (2003) and Claßen (2005, p. 76).

1. *Communication should be target group oriented.* This means adapting communication in the change process to the needs of employees and other affected stakeholders. Two decisive criteria must be taken into account here. On the one hand, it must be ensured to address those points that are of particular interest to the respective target group. In the case of the workforce, for example, the question of maintaining or changing jobs; in the case of shareholders, the effect on long-term financial goals. On the other hand, the *language style* should be adjusted accordingly. The more you succeed in communicating in the language of the target group, the more likely it is that the message will be understood. However, in this respect one should remain within a framework in which the communicator still appears authentic. A board member who speaks in imitated youth language in front of trainees is more likely to lose credibility than to achieve his goals. In any case, no terms should be used that might not be understood by a target group or that are emotionally negative. Instead of using youth language or other extremes, it may be more appropriate to work with analogies and images. This recommendation has already been made with regard to the formulation of visions (see Sect. 7.2). In addition, statements should be kept short, compact, and simple, and “technical jargon” or so-called “buzzwords”, empty phrases, should be avoided, as these tend to signal arrogance and low esteem towards the audience.³
2. *The most important communication channel is the personal conversation:* Personal communication, as already mentioned above, undoubtedly has a number of advantages in the context of change management. On the one hand, it enables a dialogue and thus spontaneous questioning and explanation. This alone can help to prevent a number of misunderstandings. Even if the recipient of the message does not ask, the sender can still see the analogous parts of the communication and, for example, infer possible questions or misunderstandings from the facial expressions and make this the occasion for his own enquiry. Beyond the better understanding of the content, personal communication also creates an atmosphere of trust. The fact that you take the time to talk to someone personally signals to the person you are talking to that you value them. This enables a more constructive dialogue from the outset, which is not too much influenced by negative emotions towards the sender.
3. *The information should be provided in a timely manner and at the same time for all parties concerned:* For legal reasons, this requirement cannot always be implemented internally in listed companies. As far as possible, however, efforts should be made to comply with this postulate. A delayed message, for example, which is initially only communicated to the “superiors”, usually leads to rumors spreading in the meantime in which things are often imagined much more negatively than they actually appear. Experience has shown that the belief that nothing will get through proves to be false.⁴ In this respect it is much better to “play with open cards” directly. In this way, the

³See Mast (2018, p. 16 f.).

⁴See Lies and Schoop (2011) and Gerkhardt and Frey (2006, p. 53).

initiators of change also retain the sovereignty of information, that is, they can back up news with their own arguments and are not exposed to the “proliferation” of arguments and rumors. At the same time, an atmospheric argument applies here again, as was the case with the previous demand. Timely and simultaneous information of all concerned parties shows this appreciation and thus creates a better foundation for discussing possible problems in a constructive manner.

4. *Communication should be as high-level as possible:* Here, too, appreciation is a central argument, but so is showing leadership. When an impending change is announced by the top management, even and especially when it brings supposed or actual disadvantages for some, this shows those who are affected a sense of seriousness and respect for them. In addition, a face as a “target” of criticism is also present. However, the demands for timely and simultaneous communication, as well as for personally high-level communication, can be conflicting. Of course, top managers cannot conduct a personal dialogue with all those affected at the same time. For this reason, cascading communication can be an alternative here, in which the most important things are first sent asymmetrically from the top of the company to everyone (e.g., via plenary meetings or business TV, depending on the size of the company), and then middle management staff personally inform their teams in dialogue about further details, especially those concerning the respective area. However, especially in such phases, board members and managing directors should not be afraid to actively seek dialogue with lower hierarchical levels and at the same time offer feedback and question possibilities with low inhibition thresholds (e.g., chats or e-mails). At Google, for example, it is common practice for employees to be able to contact top managers directly by email at any time and receive answers.
5. *Successes should be communicated as quickly as possible:* As mentioned in Sect. 8.1.2, communication is also a catalyst for maintaining the motivation for change. In many cases, there is a lot of communication at the beginning of change projects, but later on, people forget to report on what has already been achieved. This is important, however, to show all those involved that their efforts are worthwhile. In this respect, so-called key performance indicators (KPI) can be defined, for example, which are used to report regularly on positive changes that have already taken place.

8.3 Communication in the Different Phases of Change

In the last section it was already indicated that change management communication should be divided into at least two phases. The first is the initial phase, in which it is important to win the organization over to the project of change, and the second is the phase of the actual implementation of the change itself. The contents and measures in the phases described below are illustrated in Fig. 8.1 presented in summary form.

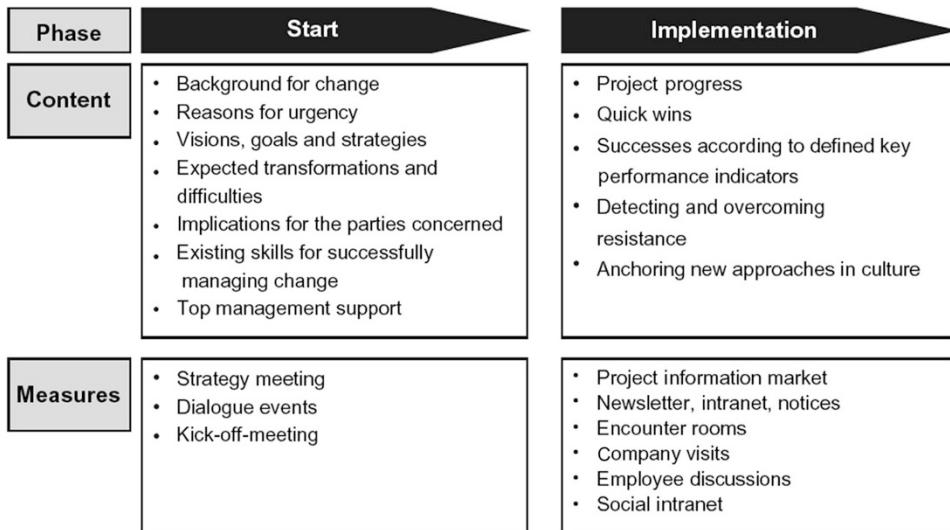


Fig. 8.1 Contents and measures of communication in the two phases of change

8.3.1 Communication in the Initial Phase

In accordance with the change management model from Chap. 5 the main aim is to induce start and target motivation in the initial phase. For this purpose, the following information must be provided:

- The background to the necessary change,
- The reasons for special urgency,
- Visions, goals, and strategies and why these are the right ones in the situation,
- Expected transformations and difficulties,
- Implications for those concerned,
- The existing capabilities to successfully manage change, and
- Existing support from top management.

Such an initial communication should generate a favorable situation for change, which is also called “Readiness for change” in the literature.⁵ A whole set of possible communication measures is available for this purpose.⁶ It is important when making a selection that the success factors from Sect. 8.2 are fulfilled, that is, the communication is as symmetrical, high-level, and timely as possible. In this respect, as already mentioned, a cascade approach is appropriate, the sequence of which could comprise the following two steps:

⁵See Self and Schraeder (2009, p. 172).

⁶See also Schott and Wick (2005, p. 212 ff.).

1. *Information about the planned change by the highest ranking unit affected by the change.* In the case of a change affecting the entire company, for example, by the board of directors or the executive board. In larger companies, this information must necessarily be provided in the media, but in the case of medium-sized companies, a general meeting of the workforce is also conceivable. In the case of media communication, media should be chosen which are as close as possible to personal communication, that is, which allow the speaker to see. For example, there is a choice of things like business TV, video conferences or videos that can be made available on the social intranet. A moderated chat can follow, or a dialogue event, where, for example, employees can discuss with members of top management at stands similar to those at trade fairs. Information via mass e-mail, on the other hand, is to be viewed rather critically, as large parts of the communication, namely the analogous ones such as facial expressions and gestures are lost. At best, the initial announcement and thus the invitation to the meeting or video conference should be made in this way. If the e-mail is used for the initial announcement, it should above all contain brief, precise information and facts, and it should also be noted that such an e-mail can quickly find its way out.⁷
2. *In a second phase, it is important to make those affected into participants* and thus directly utilize the success factor “participation” (see Chap. 9). This signals that what is to come can be shaped and, above all, can be co-designed. All workshop-like forms of work are suitable here, at department level for the members of the departments, at management level for all executives. Such events can certainly be attended by 100 or more participants. The practical tips (see Sect. 8.5.1), the “World Café” method will be used to present a more detailed approach to this issue. In such events three objectives are pursued: Firstly, to make everyone familiar with the problem, secondly to develop initial ideas, and thirdly to prevent resistance through active participation. If change requires the cooperation of people previously unknown, workshop-like events can also be used as a first step towards social integration.

8.3.2 Communication during Implementation

During implementation, the focus of the communicative activities is on maintaining the motivation for change. In terms of content, the following topics are thus at the center:

- Project progress achieved according to project planning
- Quick wins (i.e., quick successes)
- Success according to the defined key performance indicators

But besides this factual information, social aspects are also more important, such as

⁷On this last aspect, see Deutinger (2013, p. 24).

- The recognition and overcoming of resistance
- The anchoring of new approaches in the corporate culture

A whole range of information measures can be used to provide relevant information. Mention should be made of such measures as:

1. *Project information events*: Ideally, these can be designed as so-called information markets. The procedure here is similar to an internal trade fair, where the individual projects and sub-projects are presented at information stands. All those involved have the opportunity to inform themselves about the progress of adjacent projects in a targeted and dialogical manner at the stands. The advantage of such events is not only the transfer of information, but usually also leads to an increased identification with one's own project, which one wants to present as particularly positive, successful, and important. More details on the practical implementation of this method are given in the practical tips under Sect. 8.5.2 "Practical tips".
2. *Newsletters, pages on the intranet, notices etc.*: This refers to all forms of media communication. In the context of the project process, these are certainly suitable means to report on the ongoing status quo, news, and successes, but also problems. In addition, the Intranet is a particularly good place to introduce the individual projects and sub-projects. But also the old-fashioned notice boards or similar are still up-to-date. In quality management, one rightly likes to use it to document successes and the status quo. Especially in production areas where employees do not sit at their computers all day long, these notices have the advantage of being directly visible and present without further active involvement.
3. *Meeting places*: The importance of informal communication was discussed in Sect. 8.1.1 above. Since it is not possible to hold project information events on a permanent basis, it must be ensured that information is exchanged informally in addition to formal project meetings. This concern can be supported quite well by architecture and spatial design or use of space. Coffee corners, cozy meeting rooms, sofas or meeting corners in the corridors, but also glass doors that invite people to knock, are suitable for promoting informal exchange in the long term.
4. *Closing ceremony*: Kick-off events of any kind are popular these days. Outside of construction projects, however, it is all too easy to forget to celebrate the successful completion. Even if management projects never quite reach completion—but in the end neither do construction projects—there is often an important milestone, such as the official launch of something planned. These occasions should definitely be celebrated to provide new motivation for what is in store.

To detect resistance—overcoming measures are described in Sect. 8.4—the following instruments are particularly suitable for identifying resistance:

1. *Appraisal interviews:* In many companies it is now standard practice to hold a performance review at least once a year. The employee usually talks to his or her direct superior and the interview is often structured in part by means of an assessment form to be completed. In the context of change processes, it is recommended that, in addition to these regular meetings, additional opportunities for dialogue are built in, on the one hand to identify possible problems of the individual employee with the new situation and on the other hand to take preventive or curative measures in the event of problems occurring. Ideally, such discussions should be started at the very beginning of the change process, that is, when nothing has changed yet, but the planned change has already been announced. This makes it possible to identify in advance where objective and subjective difficulties lie that could give rise to resistance. It is also important here that the talks are held within a manageable period of time with *all* employees in order to avoid any displeasure arising from unequal treatment. In the course of the process, these discussion rounds should be repeated, at the latest after half a year, or even earlier depending on the project and the course of the project. Due to the expected resistance, some basic rules apply to the appraisal interviews in the context of corporate change, as they are generally to be observed for appraisal interviews. The most important of these rules are⁸:

- Before the interview, the subject and the goal of the interview must be openly stated. Again, secrecy or remaining in ignorance will only cause insecurity, rumors, and thus resistance.
- The interview should take place in private and away from the workplace. This allows confidential matters to be discussed in an atmosphere that is as unencumbered as possible.
- At the beginning of the interview it is important to establish a good contact with the employee. For this purpose, an introduction via so-called “small talk” can be beneficial. However, it is important to ensure that this does not appear too artificial, that is, it should not exceed the normal level that has prevailed in the previous employee/supervisor relationship too much, in order not to lose authenticity. By establishing a positive contact, openness in the conversation should be encouraged.
- The employee’s own opinion should not be put first, but rather the employee should be encouraged to express his thoughts—concerns and suggestions. As with the success factor of participation (see Sect. 9), it is very important in change management to turn those affected into participants in order to transform negative energy (resistance) into positive (constructive support). That is why these employee discussions are less about asserting one’s own position at all costs, but rather about first gaining an overview of the employees’ thinking.
- At the end, the discussion leader should summarize the most important results again.

⁸See also Jung (2001, p. 470).

2. *Company visits:* Company visits have gained a certain popularity as PR measures, and board members have already sat down at sales counters or cash desks with a media impact at times. This form of company visits is rather counterproductive for change management purposes. But what is undoubtedly useful is to have an ear to the ground. This brings with it atmospheric advantages, as top managers in particular appear less abstract and more humanized. Company visits also have great advantages in terms of identifying important information related to ongoing change. There are two fine examples of this “Management by Wandering Around” from well-known companies:

Examples of “Management by Wandering Around”

IKEA founder Ingvar Kamprad not only liked to test the new products on offer in IKEA stores himself, but also sought regular contact with the employees. So he visited all the stores in the world one after the other, giving all employees a hearty hug and talking to them about the worries and needs of everyday life. This was not a PR gag, because Ingvar Kamprad was not known by name or face to a large number of people outside IKEA. Rather, this was part of the management style and corporate culture of the successful Swedish furniture store.

Another example of a similar nature is known from the company “The Body Shop”. The founder of this natural cosmetics chain, Anita Roddick, who is called only Anita by everyone in the company, also cultivates personal dialogue with her employees and has made this an essential cultural component of the successful company.⁹ ◀

3. *Social intranet:* Even more controversial is the internal use of social media as well as blogs or forums as an interactive communication tool in the context of change management. Existing fears relate to a possible loss of control over the scope and content of information, as reflected in terms such as “shitstorm” or “fake news”. However, it is precisely the participatory element of social media, which predestines social media for use in change management, which is increasingly being recognized by companies, as various studies—including those of the University of Stuttgart,¹⁰ the Macromedia University,¹¹ and the management consultancy Capgemini¹²—have shown. According to a study by Spachmann and Huck-Sandhu, by 2015 around half of the 500 top-selling companies in Germany were already using social media for internal communication.¹³ Well-known, open social networks such as Facebook can be used for this purpose. Within the company, however, the establishment of a so-called social intranet, also

⁹ See Steinmann and Schreyögg (2002, p. 650 f.).

¹⁰ See Reiß and Spejic (2008, p. 63).

¹¹ See Lies (2011).

¹² See Capgemini (2012).

¹³ See Huck-Sandhu (2016, p. 8).

known as an enterprise social network, is more appropriate. A social intranet is an intranet extended by social media functions, which includes functions such as wikis, blogs, microblogging (similar to the well-known service Twitter) or instant messaging (similar to WhatsApp). However, these functions are only available in the intranet and therefore only available within the company.¹⁴ Despite all the concerns, there are a number of important arguments in favor of using social media on the intranet, especially with regard to communication in dealing with resistance. The following arguments for social media in change management should be considered:

- Social media are part of everyday life, especially for the younger generation Y, so that also in terms of target group-oriented communication (see Sect. 8.2) their use is recommended.¹⁵
- Precisely because of the high prevalence of social media, it can be assumed that both online and offline discussions are already taking place, and if they take place outside the official company channels, they will be even more difficult to control.
- Negative comments on change, such as criticism or fears, are valuable information that is all too often articulated in hidden—passive and/or non-verbal—form and thus not accessible to management. The use of social media can reveal this information and open up a constructive dialogue between those involved. Above all, it also enables more direct communication with top management.

In order for the use of social media to be successful in the context of change management, certain aspects should be considered¹⁶:

- The selection of the medium should be preceded by an analysis of which media the employees are familiar with.
- In order to prevent excessively negative excesses and thus a worsening of internal resistance as well as image-damaging external effects, an explicit social media policy should be developed with the involvement of the legal department, which should set out binding rules. This should by no means prevent critical statements from being made, but rather promote a factual and constructive dialogue. It is also advisable to conclude a company agreement with the works council.¹⁷
- Since top management should be directly involved in communication, appropriate training courses should be held here if necessary.

Social media will never be able to completely replace face-to-face communication in dealing with resistance, if only because aspects of analog communication (see Sect. 8.1.1)

¹⁴See Riemke-Gurzki (2017, p. 204) and Meier et al. (2015, p. 18).

¹⁵See Dobe (2012).

¹⁶See Clayton (2015).

¹⁷See Klingenburg (2015, p. 164 f.).

are missing. However, if used correctly, they are certainly a useful addition that opens up new opportunities for greater dialogue. Above all, this requires an open corporate culture (Sect. 14.3.3), in which constructive criticism is available even across hierarchical levels and the will to pass on knowledge and ideas.¹⁸

Internal Social Media at Otto Versand

How to use social media internally and take the risk of openly discussing resistance is shown by the Hamburg mail order company Otto, Europe's market leader. The company, which can be regarded as a pioneer in Germany in this respect, has launched an internal social media platform that serves not only for the exchange of information among employees, but also for factual information and the organization of teamwork. The internal social media use is accompanied by the definition of a few basic rules for the employees, which should not hinder the use, but should be beneficial for both sides—company and employees. One of these rules is:

As an employee, you have the right to express your opinion about the company in private and also in public—both positive and negative. If you do so, you should make it as clear as possible, in your own interest and out of respect for the community that you are only writing from your personal point of view. ◀

To ignore Web 2.0 would be to turn a blind eye to the changes in the corporate environment. The serious consequences of such an insistent corporate policy should be made sufficiently clear in Chaps. 2 and 3. In this respect, it can only be recommended here to cultivate an active approach to this medium and to use its undoubtedly existing potential for the purposes of change management.

8.3.3 Communication Planning and Stakeholder Analysis

A successful use of communication in change processes requires their advance planning. Of course, it is necessary to be guided by spontaneous necessities during the course of a project and, if necessary, to incorporate further communicative measures. However, a plan drawn up in advance ensures a well-considered minimum level of communication. Therefore, in accordance with the above, one should think about how to announce the project of change before the actual start and how to accompany it communicatively during its implementation.

In practice, it is advisable to create a communication plan as shown in the following figure (see Fig. 8.2).

The plan should be ordered chronologically. It is important to first gain clarity about the communication goals and content in the individual phases, because these should determine

¹⁸See Riemke-Gurzki (2017, p. 210 f.).

Phase	Communication goals	Method and media	Sender	Recipient group	Period or frequency
Before starting the project	Vision	Personally at the works meeting	Management board	All employees	October 2020
...

Fig. 8.2 Model communication plan for change management projects

the methods and media chosen and not vice versa. The sender defines who will deliver the message to which recipient group. Since, for physical reasons, not everything can always take place at the same time, time periods should at least be defined (e.g., within 2 days) or, in the case of appraisal interviews, the frequency with which they are repeated.

In order to determine which groups should be supplied with which messages and via which communication channels, it is advisable to carry out a stakeholder analysis in advance.

Stakeholders are all those who have an interest in change—whether positive or negative. Stakeholders are virtually the same as those affected. Stakeholders can be divided into internal and external groups. Internal groups include all management levels and functional areas as well as the employees affected. External stakeholders are primarily customers and suppliers, but also authorities, politicians, trade unions or environmental protection associations. Of course, communication must primarily focus on internal stakeholders. However, change projects can be so large that they also have external effects, which can lead to publicly discussed resistance (for example, if jobs are cut in a region or if a new factory building is criticized for its environmental impact). In these cases, both the stakeholder analysis and the communication planning must be expanded to include these external groups.¹⁹

The stakeholder analysis itself is divided into the following steps²⁰:

¹⁹See Vahs and Weiand (2013, p. 141) and Frei (2018, p. 57 f.).

²⁰See Hayes (2018, p. 194).

1. *Identification of stakeholder-groups affected by change:* This identification can be done by hierarchy levels and/or functions or functional areas. For example, middle management in general can be identified as a stakeholder (for example, if hierarchies are to be streamlined in general) or an individual functional area (for example, purchasing, if the previously decentralized purchasing department is to be centralized in the course of streamlining).
2. *Assessment of the power and influence of the identified groups:* Power and influence of the groups result primarily from their position in the hierarchy. However, it should not be underestimated that there are also informal opinion leaders (“gray eminences”). In addition, when decisions require specific expertise, even proven experts have a great deal of influence (typically in the IT sector, for example).
3. *Estimating the extent of support or resistance:* The third step is to analyze in advance whether support, indifference or resistance can be expected in relation to the change project. Although resistance does not necessarily have to be based on factual reasons, it is important to assess in advance whether the change will be beneficial or unfavorable for the stakeholders. Dimensions by which this can be judged include²¹ the increase or decrease of the scope for action, the effect on personal reputation, the resulting opportunities for advancement, changes in income, a decrease in job security, the possibility of self-fulfillment or the increase or decrease in job satisfaction.
4. *Definition of (communicative) measures:* Knowing about the attitude towards change as well as the possible advantages and disadvantages for the stakeholders resulting from the change can be used specifically for the content of the communicative messages or, in the case of dialogical communication, it can be used to better prepare for it. Above all, it is a matter of highlighting the possible advantages and counteracting actual or supposed disadvantages in an open dialogue. The first three steps of the stakeholder analysis can be used to form clusters by combining influence and attitude towards change. The most important clusters are the *powerful supporter* and the *powerful adversaries*, which will be dealt with specifically below²²:
 - (a) *Powerful supporters:* It is obvious that powerful supporters can and should be used as promoters for the change project. In the communication plan they can act as public supporters as well as influencers in the background. Since it is more credible if not only the initiators of the change but also positively affected stakeholders stand up for the change, the powerful supporters should be won over as presenters and speakers in appropriate committees and at communication events. It should be emphasized once again that power is not only measured in terms of its hierarchical position, but can also include expertise and opinion leadership. Powerful supporters can, however, also exert personal influence on skeptical stakeholders, provided they themselves have a positive influence in

²¹See Vahs and Weiand (2013, p. 144).

²²See Hayes (2018, p. 195 f.). and Frei (2018, p. 64 f.).

individual cases. In this case, it is more a question of targeted use for all forms of personal meetings and discussions.

- (b) *Powerful adversaries:* With regard to the powerful opponents, it is not a question of breaking their resistance with “all possible force”. Rather, an understanding of the situation comes first. It must be clarified whether the resistance is a resistance that needs explanation or not, that is, one that results from objective disadvantages (see Sect. 4.3.1). Especially in the case of resistance that requires explanation and is more emotionally caused, simply listening and showing understanding can already reduce the resistance and improve the relationship with the opponent. The correct form of conducting a conversation is important here, as will be discussed in detail below (see Sect. 8.4.2). At the factual level, it makes sense to look for areas in which the change project can lead to advantages for this stakeholder group. Particularly possible quick wins are of advantage here. The opponents should be won over to active cooperation in these areas. Participation in combination with quick wins can lead to a change in basic attitude, provided that the negative attitude is initially accepted and not unnecessarily fought against (Sect. 9.1.1). Only in extreme cases should powerful opponents be excluded, for example, by moving to a non-affected area. Because every “hostile” action of this kind will lead to the activation of energies for the resistance and thus potentially increase it.

8.4 Communicative Overcoming of Resistance

The “high school” in change management is the overcoming of resistance. In the past chapters it has been repeatedly suggested that resistance is the main reason why change management fails. If you proactively consider all the success factors listed in this book, the extent of resistance should be limited. However, how strong these ultimately are, depends not only on this, but also on the extent and emotional significance of the change, as well as the prevailing corporate culture, which cannot be changed in a hurry. But even if the conditions are favorable and the proposals made here are taken into account, there will almost always be resistance as soon as change is initiated. It is therefore worthwhile to go into more detail about how such resistance should be dealt with in practice.

8.4.1 The Correct Basic Attitude

In general, dealing with resistance should be analytical and constructive.

Analytically, this refers to the fact that initially no prefabricated position should be taken with regard to the justification or non-justification of resistance. Rather, a position of openness should be chosen, in which one first wants to find out what the actual causes of

resistance are. This applies in particular to the so-called resistance that requires explanation, as defined in Sect. 4.3.1 from the resistance that does not require explanation, such as the threat of unemployment. The analysis of the causes of resistance is ultimately determined in discussions with employees (see above). Two sets of questions are of primary importance here²³:

1. What is particularly important for those affected? What interests, needs or concerns do they have?
2. What could happen if you proceeded as planned? What, in the view of those affected, should be prevented if possible?

With regard to the first set, it may be that job security is the primary concern of employees or the preservation of decision-making autonomy, status or titles. In connection with the second set of questions, it is now possible to find out where the employees' fears lie and to what extent the planned change will actually or only supposedly lead to problems with regard to the most important concerns and needs. If this knowledge alone makes it possible to make corrections in the planned procedure in the case of actual problems or—in the case of alleged problems—to clarify things in the context of communication, then again a participatory approach to solving the problems is appropriate. The third set of questions serves this purpose:

3. What alternatives do those affected see for themselves? What do they think should be done to solve the problem to the satisfaction of all concerned?

By including these questions in the discussion, the employees are signaled on the one hand that one is open to suggestions and modifications and on the other hand that one uses their creative potential to overcome the problems. This brings to bear the second building block of the right approach, the constructive attitude, which is absolutely necessary in addition to the analytical one. The involvement of the employees in this constructive part is not easy, this should not be concealed, and is therefore gladly omitted. Of course, it is possible that some employees want to take the opportunity to push through particular interests, and there is also the danger of giving the impression that one is in a "wish concert" where all the ideas expressed are then implemented by the management. However, one can avoid these dangers if one uses the face-to-face discussions initially only for the exchange of information and does not make any promises. Measures or changes to the planned measures should, if they are participatory, then be developed in joint workshops using methods that allow everyone to have their say in as equal a manner as possible. How this is done will be explained in detail in Sect. 9.3.1 on the success factor participation.

²³See Doppler and Lauterburg (2002, p. 340).

8.4.2 The Right Way to Conduct a Conversation

In addition to the advice on conducting appraisal interviews as a communication tool in Sect. 8.3.2, there are a few extra rules that need to be observed for critical discussions to overcome existing resistance. In the chapter on the development of resistance (see Chap. 4) it was explained that often the cause is not to be found on the factual level but on the relational level, that is, the part of communication which, like the iceberg, is more important but remains hidden under the surface. Accordingly, it is important to exercise special caution in conversation, which has a de-escalating effect without being tense. On the contrary, care must be taken to create an analytical-constructive atmosphere despite presumably existing emotional-social conflicts, which, as seen in the previous section, is of decisive importance.

Fundamental to the success of this is the selection of the right model for conflict resolution.²⁴ Three basic modes are available here:

1. I win, you lose!
2. You win, I lose!
3. Everyone wins (win-win strategy)!

It should come as no surprise that the third mode is the most appropriate. Nevertheless, managers in particular tend to prefer the first mode. Especially people who are in a leadership position for the first time are often led by the misunderstanding that their job is to exercise power. They then choose the first mode accordingly. In reality, in the modern professional world this power is formally given, but to exercise it in practice is counterproductive. What is important here is rather to build cooperation and networks, which are the sources of the actual power.²⁵

If the aim is to resolve a conflict according to the win-win model, a number of additional rules of conversation must be applied in order for this to succeed. These rules serve to establish a mutually open and constructive exchange. Both discussion partners contribute to this both actively and passively, as shown in the following Fig. 8.3.

According to the illustration, the sender should pay attention to two things with itself:

1. *Be ready to receive*: This refers to the art of putting oneself in the other person's shoes, also known as empathy. Empathy is one of the essential characteristics of so-called emotional intelligence.²⁶ It cannot be generated by means of conversation techniques, it is partly based on acquired personality traits. However, as a manager, you can learn to look at others independently of your own wishes and dislikes and imagine how you would feel in the employee's situation, for example, what fears, apprehensions or

²⁴See Pohl and Witt (2000, p. 61 ff.).

²⁵See Hill (2007).

²⁶See Goleman (2004) and Sect. 6.4.7.

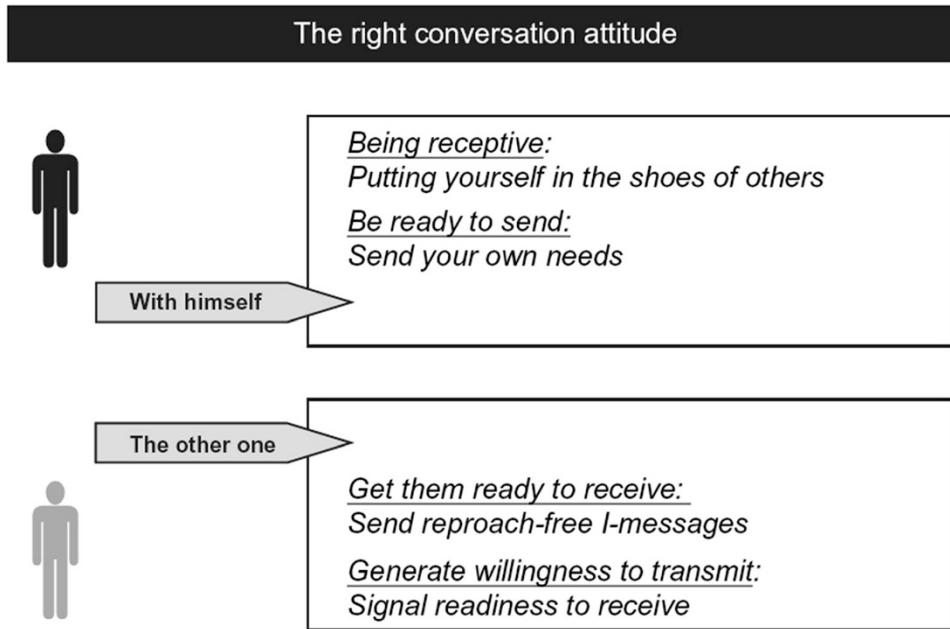


Fig. 8.3 Correct communication between sender and receiver

wishes you would have with regard to change, both detached from your current position and on the basis of your own previous experience. The advantage of the role as a manager is that in most cases you have already gone through the stage of being an employee yourself. Empathy here does not necessarily mean putting oneself in the shoes of a stranger, but rather in a world of thoughts that has already been overcome. This makes the task somewhat easier. For managers in middle management, it can also be helpful to compare the employee's situation structurally with similar situations that one has or has had with one's own superiors in top management. This comparison can also help them to abstract from their own role thinking and put themselves in the shoes of the employee.

2. ***Be ready to send:*** Especially in conversations where unexpressed emotions or wishes have led to a critical situation, it is important to ensure mutual openness in order to overcome problems and resistance. That is why each interlocutor should also send his or her own needs, even independently of rational justifications. It is important to express these as a wish and not concealed by accusations. The following simple rule therefore applies here²⁷: *Avoid accusations, send wishes instead.* For example, if you are confronted with an employee who has not supported a change project so far, and who may even have an attitude of refusal, it is all too easy in practice to say: "You do not

²⁷See Prior (2009, p. 88).

support the project” or even “You are sabotaging the project”. With this accusation further constructive communication is almost impossible. In this case the first mode of “conflict resolution” “I win, you lose” is applied. Most likely, this solution was intended, but in the end both sides will lose. It is better to express the concern as a wish: “I would like you to actively support the project!” It would be naïve to believe that the application of this discussion technique alone would be followed by the constructive support of a staff member who is characterized as difficult, but the start of a constructive dialogue, at the end of which precisely this goal will be achieved, will probably open.

With the simple communication rule from above you automatically come to two further points which the sender should keep in mind regarding his interlocutor:

1. *Generating readiness to receive:* If wishes are sent instead of accusations, there is a greater chance that the other party will actually listen. Unfortunately, it is inevitable that criticism of the other person must also be expressed in conversations. To ensure that the readiness to receive is also maintained in these cases, the maxim of sending so-called *I-messages* should be applied. I-message means that all perceptions, evaluations or suggestions are expressed from a subjective perspective. Why this is particularly important can best be shown by the opposite. If one returns to the above case of the employee who refuses to support, a conceivably unsuitable opening to the conversation would be: “You always refuse support!” Problematic and thus escalating, this statement has a twofold effect: On the one hand, it is made absolute or generalized in the form of the word “always”. This aggravates the accusation and raises it quasi to perpetual lawfulness with regard to the person concerned. On the other hand, the statement is expressed in the form of a quasi-objective fact, as if it were a general condemnation by all. These two dangers can be avoided by using the conversational technique of the I-message. Here it is important—in accordance with the basic attitude towards resistance in conversations—to proceed first analytically and then constructively and to express everything from a non-generalizing, subjective perspective. A conversation according to this technique can consist of the following steps:

- (a) Observation: “I see that you . . .”
- (b) “My guess is that this is because . . .”
- (c) “It makes me feel . . .”
- (d) Reaction of the recipient, for example, approval, rejection of the hypothesis, and indication of other reasons, explanatory clarification, etc.
- (e) Attempt at a solution: “How do you propose to resolve this? I propose that . . .”
- (f) Agreement: “. . . so in the future, we will . . .”

Of course, in practice the conversation cannot be as schematic as indicated here. After steps a)–c), which can certainly be planned in advance, it depends on what the recipient says to the message. As a rule, however, his contribution will also be analytical and constructive and not escalating.

2. *Generate readiness to send:* With the help of reproach-free I-messages it is usually already possible to create an atmosphere in which the interlocutor opens up. In order to encourage him or her to continue with his or her remarks, the technique of *active listening* is a good idea. Active listening means that you not only listen, but that you make your counterpart understand. This begins with gestures, facial expressions, and posture. One should sit with an open body posture (arms not crossed) and with head and upper body facing the conversation partner. The facial expressions should also have a door opening function through openly interested, friendly looks. When speaking with the other person, short statements such as “Aha”, “Mhm” or similar should also be used to signal that you are following what is being said. Active also means to ask if you have not yet understood something and, at the end of sections, to briefly summarize the statements of the other person to ensure that you have understood things correctly and to show the other person that you are listening.
3. Sometimes active listening or sending I-messages is not enough, because the emotional resistance of the dialogue partner is too high. This is where the technique of “sympathetic acceptance” can be used.²⁸ Sympathetic acceptance essentially means using the negative language of the person concerned. In the case of the employee from above refusing support, this can mean saying: “It is really **not** nice to be constantly confronted with new things and have to change everything.” It is important here to use negative vocabulary such as “not”, “none” etc. Presumably the interlocutor will agree, which at least opens the door for a dialogue that can lead in small steps to a constructive attitude, for example, by discussing what one could possibly do to improve the situation.
4. Another possibility in the case of serious resistance is to confront those affected with absolutely negative statements originally made by themselves. If one remains in the above example, for example, with a sentence like: “You see absolutely no sense in changing anything!” When confronted with such absolute statements, even extreme characters tend to relativize them at least gradually. Maybe there are points where this employee sees a sense in changes. These can then be the starting point to proceed constructively step by step.

8.5 Practical Tips

In the text above, a whole series of practical suggestions have already been made, particularly with regard to conducting discussions in private. Therefore, two additional methods of communication in a larger context are presented here. Both are characterized by the fact that all participants are equally sender and receiver, that is, the participation is guaranteed. The first method, “World Café”, can be used very well in the initial phase of a change

²⁸See Prior (2009, p. 81 ff.).

project, the second, “project information market”, is particularly suitable during implementation.

8.5.1 The World Café Method

The World Café²⁹ is a creative way to carry out a project kick-off. The agenda includes both getting to know the participants and setting strategic impulses. The origin of this method goes back to the observation that during conferences or meetings, communication is often more stimulating and productive during the breaks than in the official lecture hall.³⁰ According to this observation, the World Café is actually a room in which—like in a café—numerous round tables are set up, each with space for about six to eight people. The tables are set with a white paper tablecloth and an “ice cream menu”, moderation pens, drinks and biscuits are also available. The “ice cream menu” does not contain a real menu sequence, but rather a series of work questions that need to be worked through at the table. In order to achieve this, a table moderator is selected at each table in advance, which ensures that the discussion proceeds in an orderly manner. The most important task here is to ensure that no one deviates from the topic of the question being discussed and that the questions are dealt with one after the other. In addition, frequent speakers must be curbed and timidity must be encouraged to cooperate. In order to create an atmosphere in which everyone is involved in the discussion, the round usually begins with the participants introducing themselves. This can be done by filling out a profile that is available on the table. The table moderator (or another person) uses the pens to write down the ideas and findings on the questions directly on the paper tablecloth. After about 30 min, the tables are changed on the advice of the overall moderator of the event. Only the respective table moderators remain in their seats and can briefly introduce the newcomers to the ideas of the previous group on the basis of the notes on the tablecloth. On the basis of these ideas, the new group can now continue the discussion and add to the notes. At the end of the event, the tablecloths are then hung on linen or on walls, creating a kind of vernissage. In a relaxed atmosphere, with food and, if necessary, background music, everyone can now go around and see what the individual tables have worked out. In addition, one has the opportunity to get to know other project members better in a now informal atmosphere and to discuss the results in more depth.

²⁹See Seifert (2006).

³⁰See Deutinger (2013, p. 32).

8.5.2 The Project Information Market

The project information market briefly described in Sect. 8.3.2 (information market for short) is to be explained further here in order to be able to plan its implementation in concrete terms. The basic idea behind the method is that the many subprojects that usually make up a large change management project introduce themselves to each other. This is intended to ensure that everyone knows what has already been implemented in the respective areas and what is planned for the future, and that this knowledge is also taken into account for your own planning. On the social level, the project information market also has an integrative function, similar to the World Café described above. On the one hand, the members of the various sub-projects get to know each other better, and on the other hand, the members of the respective projects work on a task outside the project's day-to-day business, which in itself usually has a team-building effect.

For the preparation and implementation of an infomarket, a small organizational team should be appointed, ideally on a volunteer basis. The first task of this team is to define the design of the infomarket more precisely. This essentially involves three things:

1. *Search for suitable premises:* In order to create a trade fair atmosphere, the event should preferably take place in a single, generously proportioned room, which can, however, be subdivided into various sub-areas. In companies, foyers in the entrance area or in front of larger meeting rooms are often a good option here, which can then also be included. It is good if some seating areas are available or can be furnished so that social meeting occasions are created. In any case this should be done by setting up bar tables and serving drinks and small snacks.
2. *Design of the information stands:* There are basically two variants, each with advantages and disadvantages. On the one hand, the organization team can offer to provide the stands as basic design. This can be done, for example, in a simple variant by setting up pin boards, on which the respective teams then hang posters filled with content based on prefabricated templates. The advantage here is not only the uniform appearance of the stands, which conveys a more professional impression, but also the shyness of too much effort within the project teams is removed. For many people, preparing an infomarket can become an extra workload in addition to the already resource-consuming daily project business. In addition, this variant also offers the advantage that visitors to the information stands experience a recurring structure of information presentation and thus find their way around more quickly. The alternative is to leave it up to all teams to decide how they design their stands. This can lead to stronger group cohesion within the sub-projects through playful competition, and the information market will then generally be more colorful and interesting. In practice, it has proven to be a good idea to combine both variants. This means that a basic design with a template is provided for those who are not willing or able to invest a lot of time in the infomarket, but leave it up to the other groups to enrich the basic design with their own ideas.

3. *Definition of the organizational process:* The basic form of the info market is that about two members of the subproject concerned are each responsible for providing information to visitors to the info stand. Meanwhile, the remainder has the possibility to visit other stands. Stand duty should then change every hour or half hour so that everyone can visit the other stands. In total, at least half a day should be planned. An afternoon is particularly suitable for this, as in this case you can then move on to an informal celebration in the “exhibition rooms”, as is customary at real fairs. At this celebration, it is possible to get to know each other personally again, but usually—induced by the information stands that are still available—further technical discussions are also held, which are also factually useful for the project of change.

Once these three questions have been defined, it is the task of the organization team to inform all sub-teams about the exact procedure and the preparations to be made by the teams. After the event, all stands should be photographed and the photos should be made available to all participants as a visual record.

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Participation as a Success Factor: Involving Those Affected

9

Participation is the classic success factor of change management and was already discovered in early studies on this topic. By involving as many employees as possible in the process of change, their motivation usually increases and resistance decreases. Also, by using the knowledge of many, often a better result can be achieved in terms of content. Participation must not be an alibi and must involve as many affected people as possible at an appropriate point. Often the support of a professional and neutral moderator is necessary for this. Workshop-like procedures such as group moderation or open space are, in addition to employee surveys, also among the most important methods of participation.

9.1 Concept and Contribution to Success

9.1.1 Concept and Origin

Participation here is generally used to describe the involvement of all those affected in the change process. Ideally, this involvement starts with the analysis and extends from the conception to the implementation.

Participation is one of the core success factors of change management, especially since the origins of the discipline are to be found here. In Sect. 5.1, the field theory of Lewin has already been presented as the theoretical basis of change management processes. The work of Lewin led to the development of a new discipline of organizational science, which is still called organizational development today and can be regarded as the basis of today's more comprehensive change management. The so-called studies on food loathing, which Lewin conducted in the USA during World War II, played a key role in this development¹:

¹See Lewin (1958).

The Food Loathing Example According to Lewin

When meat became scarce in the USA at the end of World War II, Lewin was to find out how to convince US housewives that delicious meals could be prepared even with (there) unusual foods, especially with offal. The housewives were disgusted by the mere thought of having to prepare and eat offal, such as heart or lungs. In order to reduce the resistance, two groups proceeded in different ways. One group of housewives received lectures on the nutritional value and forms of preparation of offal; in a second group more active methods were used: The group was asked to work out together a program on how to get rid of the disgust of offal for normal US housewives. The housewives analyzed for themselves what the main sources of this general disgust with food might be (ignorance, tactile sensitivities, social ostracism, etc.); information on individual issues (nutritional values, recipes, etc.) was provided as needed. The group quickly came to the conclusion that something should be done about the rejection. (...) the women gradually got rid of prejudices and feelings of disgust in the group together with the imagined “fellow sufferers” (Steinmann and Schreyögg 2002, p. 453). ◀

The group that was actively involved was thus able to complete the change more quickly and successfully than those that were only passively confronted with knowledge. The reason for this must be seen in the fact that responsibility was passed on to the active group. The active group saw itself less in the role of having to be convinced by someone else about a certain opinion and more in the task of how to convince others of this opinion. With recourse to Chap. 4 it is not surprising that this is more successful, because the probability of developing reactance and thus resistance to change is greater when you find yourself in a situation where “power” is used to push you to adopt a certain view or behavior. With participatory involvement, this perceived external pressure is eliminated. In the food loathing example, there is even the identification with the task obtained by giving responsibility.

The results of studies like Lewin’s *Organizational development* have taken advantage of this very fact to identify opportunities for better organizational change. As the term development implies, this change should be driven from within, that is, by the members of the organization themselves. In doing so, two objectives are being pursued simultaneously, which up to now have been considered conflicting, but complementary in the approach to organizational development:

- *Increasing the efficiency of the organization:* Through development driven from within, a deeply economic goal is to be achieved, namely a more efficient and effective performance of the respective tasks. This goal is primarily in the interest of the owners and the management.
- *Humanization of the working world:* Due to the fact that the development is done by the employees themselves, they will try to make their own environment more needs- and requirements-oriented in the course of the development.

Assuming that people in a properly designed environment prefer to work and thus perform better, objective 1 is automatically supported by the realization of objective 2. The achievement of both goals requires changes to the current organization. These can affect the following areas:

1. *Structural and process organization*: As the term organizational development already implies, it is about changing the organization. This can include streamlining processes, giving more decentralized responsibility, reducing hierarchical levels, and much more.
2. *Individual behavior patterns, attitudes, and skills*: As a rule, these individual components are changed by personnel development measures, which are described here under the heading “Re-education” (see Chap. 11). However, especially with regard to cooperation, individual change can often be better achieved in a team. For example, when it comes to overcoming hierarchical thinking, assuming responsibility or a greater degree of cooperation.
3. *Corporate culture*: The corporate culture describes the values and norms that prevail in an organization. Cultural change (see also Sect. 14.3.3) is an undertaking that can only succeed gradually and only together with the members of the organization. Therefore it is dependent on participation.

9.1.2 Contribution to Success

The success contributions of participation ultimately result from the two objectives of organizational development. Translated into the language of change management, these are above all:

1. *Increasing the motivation of those involved*: According to the change management model presented here (see Chap. 5), participation is an essential component in maintaining the motivation for change during the course of change. As the above food loathing example already shows *intrinsic* motivation is created by giving those affected the opportunity to shape something themselves. This creates identification and, if the task is completed successfully, pride, which is beneficial.
2. *The reduction of resistance*: Through active participation in change, it is, as indicated above, less likely that reactance and thus resistance will develop. Reactance develops according to Sect. 4.3.1 especially when someone is to be convinced of something or driven to an action with power. If, however, the members of the organization experience themselves as actors and not as “chess pieces”, then the degree of self-determination experienced increases and the probability of developing reactance decreases accordingly.
3. *The creation of an equal knowledge base*: Participation is also a means of promoting communication as a success factor. It has already been said that information should be provided to all members of the organization as promptly and simultaneously as possible.

This is achieved almost automatically through broad active participation in development, as one is now involved in the relevant events oneself.

4. *The use of decentralized knowledge:* This aspect mainly concerns the increase of the efficiency of an organization. If change is controlled and conceived exclusively centrally, scattered knowledge that exists in the heads of the organization's members is not taken into account. It should be borne in mind that a great deal of specialist knowledge is available, especially at lower levels of the hierarchy, which could be of enormous importance in shaping strategies. Moreover, the overall knowledge base is larger. Under the header "Evolution", this circumstance will be discussed in detail later (see Chap. 14).

9.2 Conditions for Effective Participation

Participation can only be effective if a few basic rules are observed in its application, otherwise it is all too easily just a "cosmetic correction" of authoritarian change. However, if the following points are taken into account, participation leads to less resistance and often also to a better conception and implementation of change:

- *Serious and sustainable involvement:* Whoever relies on the factor of participation should do so seriously.² This means that, from the outset, there must also be openness with regard to the design of further development. The degrees of freedom that are ideally left for participation can vary from case to case. In principle, a fully participatory process is also conceivable, in which all members of the organization are involved in the overall design. In practice, however, this is only possible in small companies. It has also been shown that the higher the level of training of the employees involved, the better this works. More realistic than full participation is an approach according to the so-called *gardener approach*. It follows the analogy of a gardener in demarcation for example to the planner of a single-family house. While in the planning of a single-family house everything can ultimately be implemented almost 1:1, as it was previously designed in the computer, the family living in it will probably develop the garden more gradually. As a rule, there is an imaginary or drawn plan for this, which gives a basic direction. For example, will it be a more natural garden, a park-like garden, a kitchen garden or a very strict geometric garden? No matter what this master plan looks like, in 20 years the garden will roughly follow that scheme, but its exact appearance is not yet clear at the beginning. One reason for this is that a garden, unlike a detached house, has an interactive element, the growth of plants. Although it is possible to determine where to place which plants on the ground, it is rather open to a certain degree at what speed and in what exact form they will grow. As a result, this creates a dialogue between the

²See also Lies et al. (2011).

gardener and the nature he or she is instrumentalizing. Depending on the growth of the existing plants, he will have to modify his plan, plant something else, plant less, cut something away if it grows too much, etc. It is easy to see the analogy to corporate change. The role of the plants here is played by the members of the organization, whose behavior is generally even more difficult to predict than the growth of a plant. The gardener's approach therefore means that the top management determines the general direction of the change, but the actual shaping of the change takes place in a participatory dialogue. This is also the basis for sustainability. As in the case of the garden, participation does not only mean that the employees are involved at the beginning, but that this involvement is permanent, also for the sake of credibility.

- *If possible all are included:* Just as communication should reach everyone promptly and simultaneously in order not to cause displeasure, excitement and rumors, the same applies to participation. If, for example, participation is understood to mean only the involvement of the next level of management under the board of directors or management, large parts of the company will continue to feel excluded. As shown in the Capgemini study on change management (see Fig. 4.2), however, it is precisely the employees and the middle management that are the main sources of resistance. Therefore, ways must be found to include them as well. A good way to let everyone have their say is the employee survey or the open space event, methods that will be discussed later in Sects. 9.3.2 and 9.3.3.
- *Target group-oriented involvement:* The use of decentralized knowledge has already been recognized above as a contribution to the success of participation. Accordingly, it makes sense to apply participation where a particular contribution to success can be expected. In contrast to the garden, a company consists of several hierarchical levels. It would be nonsensical and hardly feasible in practice if in a large enterprise all levels were involved in determining the basic direction of change. On the other hand, change usually affects all levels of a company. Therefore, it seems appropriate to see the higher hierarchical level as a gardener who, in a participatory dialogue with his employees, is responsible for shaping the change for the respective area. This does not mean that the employees are excluded from the communicative process of the overall change. On the contrary, as already mentioned in Chap. 8, the information provided here should always be as personal as possible, with the possibility of feedback.
- *Plan inclusion in advance:* From the demand to include everyone at the same time on the one hand and to proceed cascading from top to bottom on the other hand, an apparent contradiction arises at first. If, for example, only the second management level is included at the beginning of the process, this can create space for rumors, excitement, and resistance on the management level below. This is why a balancing act is inevitable. This problem is addressed by early planning of the participation, in which it is clearly defined who is included, when, and in relation to what. This plan must be disclosed directly with the announcement of the change, so that everyone can see that they will also be involved in the change, especially with regard to the areas that affect their immediate surroundings. Of course, this plan can be modified in the course of the

process. But it should never be modified in such a way that groups whose involvement has been announced are ultimately dropped from the participatory process.

- *Take advantage of professional support:* The amount of experience and training needed to use participatory methods is often underestimated in practice. In order to grasp the scale of the challenge at hand, bear in mind that the aim here is to achieve a productive work result in an environment that is usually fraught with tension due to the planned change, involving people of different education, hierarchical levels, interests, and character traits. It is therefore essential to seek the support of professionals in this field. This can take the form of helping people to help themselves, for example, by providing appropriate training for internal staff, who can then take on the role of process control. In important and potentially conflicting situations, however, the use of externals undoubtedly has the advantage of being able to fall back on experienced and neutral moderators of the process. In the chapter “Consultation” (see Chap. 13), this factor will be discussed in more detail.

9.3 Selected Methods of Participation

The spectrum of methods especially in the field of participation is almost infinite and an overall presentation is hardly meaningful at this point. In the following, therefore, groups of methods will be presented which illustrate important possibilities for involving employees. On the one hand, a classic basic pattern of participatory work with smaller groups (up to 12 participants) is presented in the form of group moderation. On the other hand, in the form of an employee survey, a method that allows all members of a company to have their say at the same time. Finally, the open space method illustrates how interactive workshop work and large groups can be successfully combined. It is also worth pointing out the wide range of digital possibilities that are increasingly available. The topic of social intranet has already been dealt with in the chapter on communication (see Sect. 8.3.2) and is basically also used to involve a large number of employees, even if “only” within the framework of a broad dialogue.

9.3.1 Group Moderation

Group moderation is here to describe the set of basic techniques of participatory work with manageable groups par excellence, as they are used primarily in workshops. The design can vary greatly from case to case. In the ideal type, one follows a cycle consisting of six steps, the presentation of which is based on Seifert.³

³See Seifert (2007, p. 85 ff.).

Moderation can generally be understood as the steering of self-organized and solution-oriented teamwork. As a rule, it is a matter of developing a solution and corresponding measures to a starting problem with the participation of all concerned.

At the center of the control of this project is the person of the moderator, who must by no means be compared with what is often associated with the same word in the mass media. The *moderator* in the participatory workshop has the task of steering the process of finding a joint solution to the problem as efficiently and effectively as possible. Therefore, he is a specialist for the methodology used, for visualization and presentation of results as well as for conflict management. In terms of content, however, he is not a specialist and is absolutely neutral. This is of great importance, because the content solution should and must come from the group itself in order to preserve the positive effects of participation on change management. If the application of moderation techniques (some of which are presented below) as well as professional visualization and presentation are still relatively easy to learn, then the social steering of the group in particular requires some skill and profound experience. A professional moderation behavior is characterized by the following features⁴:

1. *Making contact*: The respective speaking persons are to be looked at while listening, the fact that they contribute, not the content (!) said, is to be reinforced by praise.
2. *The making of balance*: The moderator cannot take sides in his neutral position. He must also balance the quantity of the individual participants' contributions. Silent participants must be included by means of friendly attention and positive encouragement, and frequent speakers must be slowed down verbally or through body language without offending them.
3. *The care for overview*: Non-professional moderation often suffers from the fact that the goal of the event is not sufficiently clear or that results and interim results are not properly documented. To avoid this, the moderator uses structured methods and makes sure that goals and instructions are presented as concisely as possible.
4. *Mastering critical situations*: When moderators are critically attacked by participants, they use de-escalation techniques similar to those described in Sect. 8.4 on “Dealing with resistance”. It is important not to go over to a counter-attack and instead to analytically determine the reasons for the aggressive attitude in order to arrive at a constructive solution with the participatory involvement of the critic.

Professionalism is not only expressed in the moderator's appearance, but also in the structured application of methods. In the basic form of the moderation method, a cycle of six phases is run through (see Fig. 9.1).

The phases in detail are⁵:

⁴See Pohl and Witt (2000, p. 64).

⁵See also Seifert (2007).

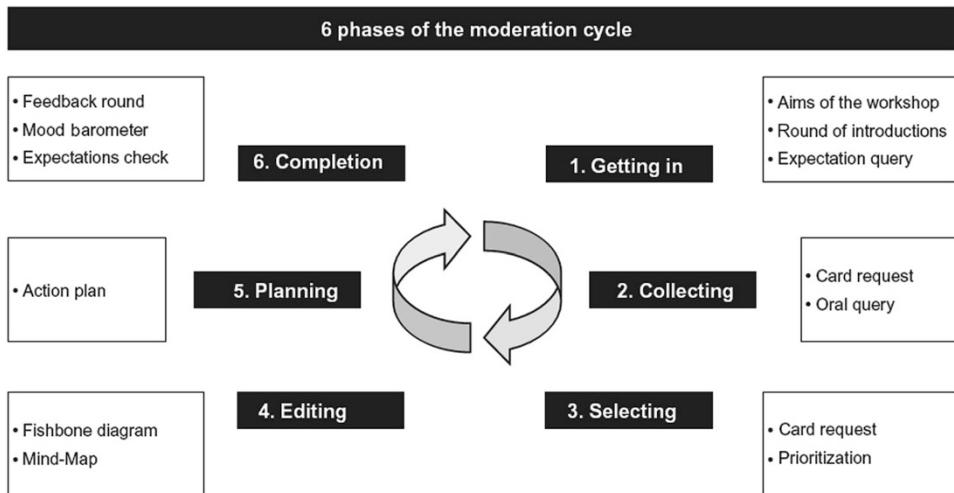


Fig. 9.1 Six phases of the moderation method (based on Seifert 2007)

1. *Get in:* The aim of this phase is to create orientation and initiate an open, informal working atmosphere. The following sub-steps are suitable for this:
 - At the beginning of the event, there is always an *introduction of the participants*, if they are not well known to each other through daily cooperation. For performances of this kind, more creative methods than the classical round of introductions should be used whenever possible. For example, there is the possibility that two neighbors get to know each other better first and then one of them introduces the other to the whole group. Or the participants make flipcharts on which they present important information about themselves and their CV.
 - For an effective workshop, it is essential that all participants know what exact *objective* is being pursued. To present this in a visualized form is the task of the moderator.
 - In order to create a participatory climate of cooperation right from the start, it is advisable to ask the *participants' expectations* of the workshop at the end of the introductory phase. The moderator should briefly record these expectations on a flipchart.
2. *Collect:* The aim of the second phase is to involve everyone in the precise definition of the problem and its impacts. Two alternative methods can be used to achieve this:
 - *Card request:* With this method, all participants receive a (possibly limited) number of moderation cards, which they should label in keyword form. It is important that the question prepared by the moderator is exact and at the same time as open as possible. For example, if the main topic of change management is “more customer orientation” and a workshop with employees from production or purchasing is taking place, the question for the card request could be: “More customer orientation—what can we

- contribute to this” or, more openly, “More customer orientation—what needs to be considered?”
- *Oral query:* As an alternative to the card request, you can also ask for short verbal comments. The moderator then records these comments as keywords on the flipchart. This technique is rather appropriate in small, well known groups and on rather uncritical topics.
3. *Selecting:* In the third section of the moderation cycle, the aim is to filter out the most important topics from the multitude of those mentioned. For this purpose, two sub-steps are carried out:
- *Clustering of topics:* The moderator takes all the labeled cards, shuffles them, and reads them out one after the other. After each card he will then decide, with the involvement of the participants, whether the respective point or a similar one has already been mentioned before. Similar cards are then hung together in clusters on the pinboard and provided with a cluster heading.
 - *Prioritization of the clusters:* The selection of which topics are most important and should therefore be dealt with first is also done in a participatory manner. For this purpose, the participants are given a certain number of rating points, for example, which they distribute among the clusters according to defined rules (e.g., cumulation allowed). The clusters that have received the most points are then dealt with in priority.
4. *Editing:* Depending on whether the processing rather requires an in-depth problem analysis or whether a solution concept is to be designed, different techniques are offered here, of which the two most important are presented as examples:
- *Cause-effect diagram:* This instrument, also known as a fishbone, 7-M or Ishikawa diagram, is an illustrative methodology for analyzing the causes of problems. As shown in the Fig. 9.2, in dialogue with the participants, various causes are added as “fishbones” that could cause a certain undesirable effect. In the example above, the question: “Why are we so far not very customer-friendly?” was used. In the specific form of a 7-M diagram, one can search for causes in different areas beginning with the letter “M”. These areas include: Man, method, machine, management, environment, material, and the possibility of measurability.⁶
 - *Mind-map:* Mind-Maps (see Fig. 9.3) are particularly useful as a starting point when an extensive *concept* is to be developed. In the above example, the initial question could therefore be: “Where can we start in order to achieve more customer friendliness?” When applying the mind-map methodology, the moderator must pay particular attention to correctly drawing the levels of branching. Thus, a distinction is first made between the general direction of push, which is then again divided into individual and submeasures.

⁶See Baumann et al. (2003, p. 403).

5. *Planning:* After the previous step showed in which direction measures are to be initiated, this is now translated into concrete planning. This also guarantees the demand for sustainability and seriousness, because the participants see in this way that something will happen in the future. An essential instrument here is the action plan. It records in tabular form what, why, by whom, and by when something has to be done.
6. *Completion:* The aim of the last phase is to leave the workshop with a positive and motivated atmosphere. Two partial steps should be passed through here:
- *Review of the expectation query:* In order to document the seriousness of the participatory approach once again, the moderator can go through the points from the expectation survey with the participants and see whether something has remained open and should be tackled at another meeting if necessary.
 - *Feedback:* This can take place in the classic form of a feedback round or, for example, through a “mood barometer”. For this purpose, the moderator prepares a thermometer drawn on flipchart paper and asks each participant to stick a handed out rating point further up (if the workshop has fulfilled expectations) or down (in the opposite case). Afterward, the positioned rating points can be used to discuss the different points of view and evaluations.

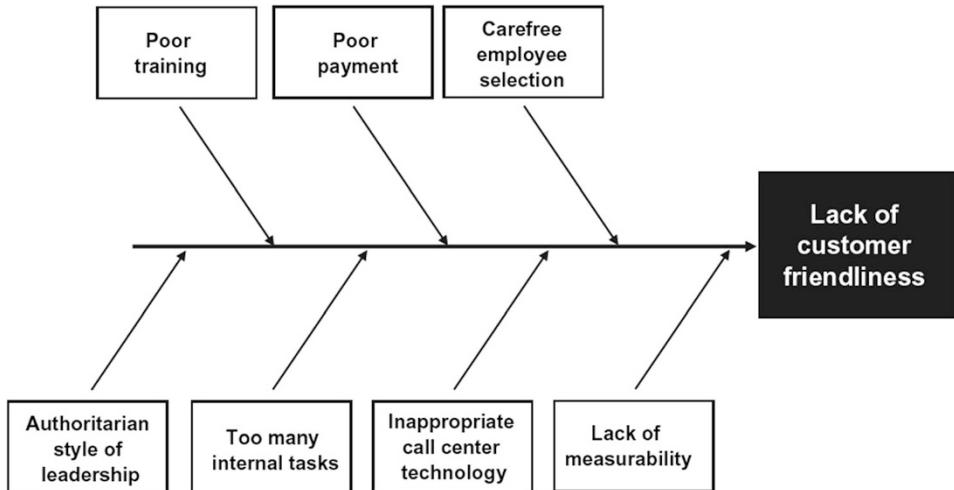


Fig. 9.2 Example of a cause-effect diagram

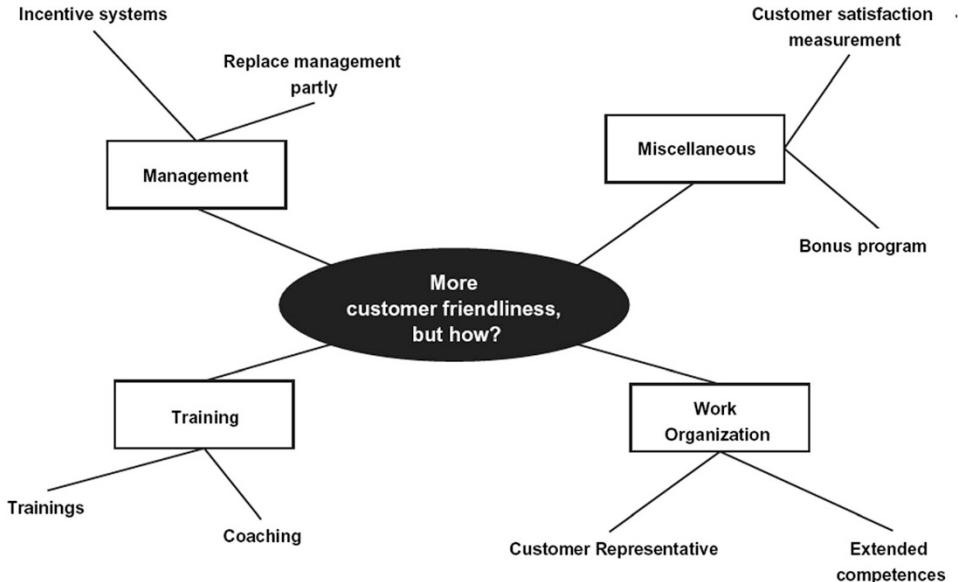


Fig. 9.3 Example of a mind-map

9.3.2 Employee Survey

One way of giving everyone in the company a chance to have their say is the employee survey instrument. This method has always been participatory in nature, but its targeted use in the context of change management has only been in place for a few years. Originally, employee surveys were more concerned with obtaining an indication of the quality of the working atmosphere. Accordingly, highly standardized questionnaires have been and are used for this purpose, which, if possible, do not change over time to allow for longitudinal observations. Many companies rely on the support of external institutes, which carry out the survey and evaluation in order to prove anonymity and neutrality.

For two reasons, however, employee surveys are increasingly developing into instruments of change management:

1. Increasingly, such surveys are also supplemented by current questions that are related to planned or ongoing change. In this way, everyone's opinion can be obtained promptly and simultaneously. Possible resistance and its causes can thus be uncovered at an early stage and appropriate action can be taken in terms of communication and content. Instead of combining such current issues with the employee surveys, which are usually conducted annually, it is also possible, particularly in the course of change projects, to launch additional flash surveys with a few specific and current topics.⁷ Such topics can

⁷See Deutinger (2013, p. 56 f.).

include identification with the objectives of the change project or satisfaction with the flow of information. If flash surveys are conducted online, the results can be quickly reported back to the participants in the same way.

2. Whereas for a long time the aspect of climate measurement was in the foreground of the surveys, it is now increasingly important to initiate follow-up steps when problems are discovered and thus contribute to a gradual change in the company, stimulated by the employees. For this reason, the employee survey is an important instrument of active participation.

Accordingly, change management is now less concerned with the design of the questionnaires than with the follow-up processes that result from them, which are still not sufficiently developed in many companies.⁸ A professionally designed follow-up process of an employee survey is divided into the steps shown in Fig. 9.4.

According to this, a total of seven steps have to be taken, which include the following in detail:

1. *Differentiated result feedback:* In order to comply with the principles of the success factor communication (see Sect. 8.2), it goes without saying that results are reported to everyone in the company. However, anonymity must be maintained and at the same time it must be ensured that the results are meaningful enough to start with subsequent steps. This is achieved above all through *differentiated* result feedback. For example, the respective department can compare its own results question by question with the average valuation of the enterprise, or an executive can compare its own valuation with the average valuation of executives at the same level of the hierarchy. The results for the entire company must be made available to everyone, the differentiated results only to the persons or groups concerned.
2. *Feedback to the managers:* It is precisely the differentiated results on the quality of management in the various areas that are now being communicated to the respective managers. They are to deal with them critically and intensively.
3. *Discussion of results and identification of problem areas:* This third step is the second participatory element after the survey. The managers first look at the results of the survey with their respective employees and then identify problem areas. The moderation method presented in the previous section is particularly useful for carrying out this and the following step. The more critical the results are the more consideration should be given to the use of a neutral moderation specialist.
4. *Derivation and implementation of measures:* If a workshop is conducted using the moderation method, the result is an action plan. For employee surveys it is essential that the results not only lead to discussions but also to concrete and scheduled actions. Otherwise the credibility of the instrument of the employee survey in the company will also decrease in the long term.

⁸See Liebig and Hermann (2007).

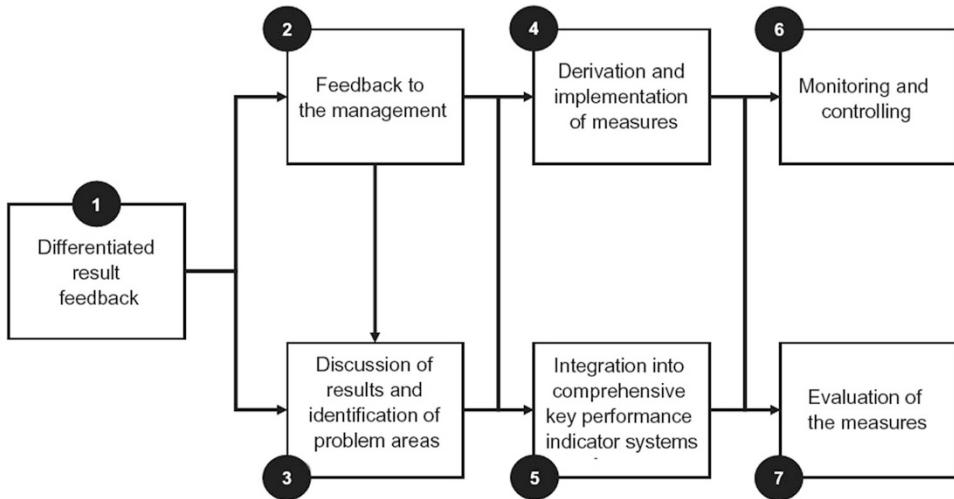


Fig. 9.4 Process steps of the follow-up activities of employee surveys (in reference to Liebig and Hermann 2007)

5. *Integration into comprehensive performance measurement systems:* The integration of key performance indicators often ensures the sustainable implementation of the measures. This means that the planned measures should be examined for their realization and effect on success using defined measures. Many companies today have a balanced scorecard⁹ at company level, which is then cascaded down to the individual divisions. If this is the case, it is imperative that you include performance indicators for the planned measures in the balanced scorecard so that the management of key performance indicators remains consistent and several performance indicator systems are not set up next to each other.
6. *Monitoring and controlling:* On the one hand, the key figures and their continuous observation already provide for monitoring. In principle, however, the employee survey should also be repeated regularly (at least annually) to enable longitudinal comparisons. Particularly with regard to standard categories such as working climate, it is important to see developments over time in order to counteract negative trends in good time.
7. *Evaluation of the measures:* The measures decided in 4. should be evaluated individually in addition to the general monitoring and controlling. An evaluation of processes and results is important here. Process evaluation in this context means taking a closer look at whether the implementation of the measures worked well or whether there were problems from which to learn for future implementation of measures. A moderated workshop with the project team and, if necessary, with adjacent departments involved in the project is a good way of evaluating processes. The evaluation of results, which

⁹See Kaplan and Norton (1996).

compares the planned effect of the completed measure with the actual effect, can also be carried out using quantified key figures, depending on the measure, provided that the focus was on measurable results.

9.3.3 Open Space

Open space is a highly participative method created by the US-American organizational developer Harrison Owen for working with large groups.¹⁰ The method is particularly participative because it requires a bottom-up leadership style in which the content of change projects is defined by the employees themselves and not by management. The method is based on the combination of two basic principles that at first sight seem contradictory:

1. Owen recognized that the breaks in conferences are more productive for discussion than the conference room itself, a fact that the World Café method (see Sect. 8.5.1) already made use of. This insight reflects the basic principle of all participation, that the more space one gives people, the more they get involved.
2. In order to be productive in such an open space, however, the content-related free spaces must be limited with some basic rules and framework conditions. These include above all defined periods of time during which work is carried out and the obligation to produce and document results.

The fact that the combination of time pressure and design freedom in terms of content is an optimal breeding ground for target-oriented creativity is also known from innovation management. However, the deadline pressure must not be too strong.¹¹

Based on these principles, the course of a one- or two-day open space workshop is now structured as follows¹²:

1. Without an agenda, 50–2,000 participants, employees and managers of a company or even external people meet in a conference room. From 50 participants upward, the chairs are arranged in concentric circles around a center.
2. In the first lesson, each participant has the opportunity to name topics that they would like to work on. Depending on the phase in which a change project is in, these can be possible objectives of the change (if used in the initial phase) or problems of the previous change project as well as aspects that are concerned with the operational

¹⁰See Owen (2001).

¹¹See for example Pohl and Witt (2000, p. 92 ff.).

¹²See Pechau and Schürmann (2011, pp. 186–189), Deutinger (2013, pp. 33 f.) and www.openspaceworld.org

implementation (both if used in the course of the project). The topics collected in this way are initially recorded on a documentation wall without comment.

3. In the third step, the participants independently assign themselves to the topics and thus to working groups that are formed on the topics. These groups can have any number of participants. Asymmetries of 2–50 participants are not uncommon and rather common. Voting “with their feet” is at the same time a first priority setting on a democratic basis, without excluding minorities or supposed marginal topics.
4. The working groups are now given a fixed period of time in which they can work on the respective topic. It is a condition that the results are documented for all participants of the open space, for example on flipcharts or in electronic form. The participants are not forced to remain in one group and can freely change groups during the course of the event.
5. At the end of the event all participants will receive a document with the collected work results of the groups. This can be the basis for a subsequent prioritization of the topics and the decision of measures. For this purpose, methods can be used such as those presented in the chapter on moderation techniques (see Sect. 9.3.1, steps 3. to 5.).

9.4 Practical Tip and Practice Check

9.4.1 Participation Plan

Similar to the case of communication, participation should be planned in advance and not spontaneously grown up. This is already apparent from the fact described above that only professionally conducted participation is successful. In contrast to the communication plan, the participation plan should be published at the beginning of the project. It is an important piece of information that signals to all those affected that they are involved in the process and project of change. Of course, modifications or additions over time are also possible here, but these should never be cut back in the sense of omitting groups. Massive resistance would be the unavoidable consequence. Therefore, it is recommended to consider the results of the stakeholder analysis (see Sect. 8.3.3) when creating the participation plan.

As shown in Fig. 9.5, the participation plan is structurally similar to the communication plan. It is important to be clear about the sequence of strategic and operational decisions to be taken and then to define at which hierarchical level and in which functional area the decisions are to be made. Subsequently, the methodology (e.g., moderated workshop), the question of involving external experts (e.g., neutral moderators) and also the time period in which the procedure is to take place can be defined.

Hierarchy level	Functional area(s)	Content to be decided	Method	Time frame	(External) support
Middle management	Sales, Marketing, PR	Sales, Marketing, PR	Workshop	October 2020	Trained moderator
...

Fig. 9.5 Model for a participation plan

9.4.2 Checklist for Effective Participation

On the basis of Sect. 9.2 you should work through the following checklist, either proactively, in relation to the participation plan you have drawn up, or looking back at participation in your company to date. Answer the following questions by ticking the appropriate box:

1. Is the relationship between the employees told by the spirit that one really wants to implement their suggestions?

yes, partly, hardly, not at all

2. Are measures elaborated by employees going to be implemented?

yes, partly, hardly, not at all

3. How many hierarchy levels of the company are being involved?

all, all except the operational, all up to middle management, only top management

4. Are the contents of participation aligned with the hierarchical levels and functional areas?

yes, partly, hardly, not at all

5. Is participation planned in advance?

yes, partly, hardly, not at all

Evaluation

Please now allocate points per ticked field. You receive:

- Four points for a leftmost cross,
- Three points for the second cross from the left,
- Two points for the third cross from the left, and
- One point for the rightmost cross.

Now add up the sum of the points and compare the result with the following evaluation:

16–20 Points

Your company already implements the participatory style of change management perfectly or almost perfectly. At best, only small corrections are still necessary.

10–15 Points

Participation is already present or planned in your company to some extent, but there is still noticeable potential for optimization, either in the participation culture, that is, the actual will to involve employees, or in the way of implementation.

Less than Ten Points

Presumably everything has been decided centrally in your company up to now, and even middle management has the task of merely implementing decisions from above. Participation is something that must first be learned in this case. It is to be expected that not only the managers will have problems giving up decision-making power, but also the employees will not feel equally comfortable in the more responsible role. It may be advisable to first acquire different attitudes to participatory work through personnel development measures (see Re-education, Chap. 11).

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Integration as a Success Factor: Overcoming Differences

10

Integration in the context of corporate change is required at many levels. For entire companies—for example in mergers and acquisitions—for departments, project teams or even purely virtual teams. The goal is always to ensure a harmonious and cooperative togetherness that accelerates change and increases productivity. Despite all the problems, integration requires a basic will to work together, otherwise prejudices cannot be overcome. In addition, individual groups must not be too dominant, so that new rules of cooperation can be jointly defined. Integration can be specifically promoted during daily work, but also within the framework of measures *off the job*, like in team-building seminars.

10.1 Concept and Contribution to Success

10.1.1 Concept

In this context, integration is generally understood to mean strengthening cohesion and increasing the productivity of newly created groups in the context of business change.¹ Groups may refer to various forms of cooperation between three or more persons, in particular

- *Project teams:* Here, integration is only necessary for the temporary framework of the project, that is, rather during the phase of change itself. Project teams often come from different functional areas and also include the participation of external consultants. The integration of project teams will be discussed in more detail in Sect. 12.3.3.

¹For the integration of groups in newly formed project teams, see Sect. 12.3.3.

- *Organizational units, such as departments:* Change often results in new or newly composed organizational units consisting of members of heterogeneous origin.
- *The entire company:* Particularly in the case of mergers and acquisitions, where different corporate cultures come together, overall integration at company level is important. In contrast to the two cases above, this is not only about the integration of people who work together directly, but also about the shaping of overarching values and norms of living and acting together.
- *Virtual teams:* In the context of globalization and modern communication technology, teams are increasingly becoming virtual, that is, there is neither a spatial nor a temporal presence of everyone. Here too, integration must be ensured, which is more difficult to achieve on an emotional level due to the elimination of analog forms of communication (see Sect. 8.1.1).

10.1.2 Contribution to Success

Integration differs in some respects from the success factors discussed so far. While communication and participation are always decisive components of change management, the importance of integration depends on the situation at hand. In general, it can be said that the more new groups in the above sense are formed, the more important integration is. Thus, integration plays a much greater role for change management in the context of mergers & acquisitions than it does for a corporate change that does not change much in organizational terms.

If integration is crucial, then its contribution to success is based primarily on the following points:

1. *Reduction of unnecessary conflicts:* Conflicts are unnecessary when they lack an objective basis, for example, in the form of given conflicts of interest between groups. Such conflicts are often based on prejudices or misunderstandings and are to be expected above all when different cultures meet. The development of cooperation and the reduction of confrontation help here to increase productivity.
2. *Increase the efficiency of cooperation:* Newly formed groups must first find their way into work processes, work organization, and role allocation. Integrative measures can help to accelerate this process.
3. *Increasing motivation:* As a rule, a good working atmosphere creates an environment in which employees feel more comfortable and are correspondingly more motivated and performance-oriented. That is why integration must also pay attention to an atmospheric improvement.

10.2 Conditions for Effective Integration

Even the methods presented in the next subchapter can only be effective if there is a minimum of basic conditions that provide fertile ground for integration. These preconditions include in particular

1. *Basic openness and cooperative will:* The majority of the group members must have a minimum of openness toward the respective new, “other” group members and also a fundamental will to merge with them to form a group. If these preconditions do not exist at all, even conflict resolution techniques such as the intergroup intervention presented in Sect. 10.3.2 can hardly be effective, since an open dialogue cannot be initiated.
2. *Non-dominance of a group:* Especially in the case of acquisitions, integration can fail because the buying company seeks to dominate the acquired company. This can also happen when new top managers try to fill the management structures subordinated to them from their “roped parties”. The latter should be avoided at all costs, as fierce resistance is then inevitable. In the case of company acquisitions, sensitivity must be shown in dealing with the acquired company. The example of Walmart Germany explained in Sect. 4.2 shows the dangers that otherwise threaten the integration and thus the overall success of the change process.
3. *Non-partisanship of the group management:* The leadership of a group formed by two or more areas should definitely avoid bias in favor of one of these areas. This is naturally difficult to achieve if the group leadership comes from exactly one of the areas involved. Even if there is a desire for neutrality, this may be challenged by the other group members.
4. *Creating new group rules:* The last point can be partly cured by consistently defining new rules for cooperation in the group, ideally based on the principles of participation (see Chap. 9). On the one hand, the newly created is neutral, on the other hand a higher identification as a group is achieved, because it is something and possibly the first thing that you have created together.
5. *Involvement of external experts in difficult cases:* If there is a high potential for conflict or if conflicts between subgroups have already escalated, it is essential to consider the involvement of external experts for conflict resolution or mediation, who have the advantage of neutrality, methodological knowledge, and experience in dealing with such situations.

10.3 Selected Methods of Integration

As is otherwise known from personnel development, the methods presented below differentiate between integration *on* and *off the job*. This is to make it clear that integrative measures must not be limited to workshops, seminars or events. It is more important that

integration is also promoted by setting the right course in day-to-day work, and thus *on the job*.

10.3.1 Integration on the Job

Integration *on the job* mostly concerns the carefully chosen form of group organization and thus often also cultural reunion. If groups are virtual or partially virtual, further specific requirements are added. Everyday working life and thus integration *on the job* is the basis of all integration and in case of doubt more important than the methods *off the job*, which are of a reinforcing or intervening nature.

Organizational and Cultural Integration

It is known from the fundamentals of behavioral organization theory that contiguity, that is, spatio-temporal proximity, usually automatically leads to an alignment of norms and values within groups when working together. In this respect, it is fundamentally important to look for opportunities for cooperation with regard to the joint achievement of goals. Here, the priority is the demand for teams that are as mixed as possible. This should be reflected at both the working and the management level of the teams.

1. *Integration at the working level:* Here, a conscious mix of mini-teams for specific tasks is recommended. The teams must be so small (this also includes teams of two) that the subgroup of a subculture no longer has a guiding influence on the participants. This gives each project member the opportunity to get to know people from the other group as individuals and not as role bearers of the groups. The chance to discover commonalities that unite the participants thus systematically increases.
2. *Integration at the management level:* If two companies are merged, then the management of the newly created organizational units or project teams should be provided with a dual leadership, each of which includes a representative of the companies involved. This may initially lead to longer-lasting decision-making processes, but the decisions made are more sustainable and cause less resistance from those carrying them out, thus saving time and productivity overall. In addition, knowledge from previously different horizons of experience is brought together and thus a better decision in the form of a new path may result from this synthesis. The more these management teams follow such new, synthesized paths and also define new rules of internal organization, the more the organization will acquire its own identity and thus its own culture with which the members positively identify.

Integration at Nokia Siemens Networks

A good example to illustrate the last point is the merger of the network infrastructure businesses of Finnish company Nokia and German enterprise Siemens into Nokia Siemens Networks (Note: The company has now been fully reintegrated into Nokia

for economic reasons). In the case of this merger, the integration process has been successful in the above sense. Thus, immediately after the announcement of the forthcoming merger, all positions down to the fourth management level were filled with people from both companies. Nevertheless, cultural misunderstandings initially arose; Siemens, for example, used last names and titles, Nokia only first names. But by working together on a daily basis, these differences were quickly identified and overcome. This was also helped by the establishment of an agenda item at project meetings, at which newly identified cultural differences were to be openly discussed. In this way a collection of cultural knowledge about the respective integration partner was created, which contributed to a better mutual understanding. For the newly created company, however, not necessarily one or the other rules of interaction were adopted, but new ones were defined whenever possible. For example, the meeting language was to be consistently English as soon as even one of the attendees did not speak Finnish or German. ◀

Virtual Integration

Working in virtual teams is becoming more and more common in practice. The reason for this is not only to be seen in the further development of communication technology, which enables full communicative connection to the company from almost any location via virtual networks, but also a social change toward more individualism in the way we organize time and life. Virtual teams enable people to work together regardless of their location. At the same time, this creates the possibility of bringing together more disparate knowledge, which serves the quality of the results in terms of content. Team integration, on the other hand, is necessarily more difficult, since the element of contiguity is missing, that is, the spatio-temporal togetherness that is constitutive for the development of a “we-feeling”. This is largely due to the absence of analog communication, that is, of gestures, facial expressions, and tone of voice. This communication, as already mentioned in Sect. 8.1.1 express emotions that are essential for the development of group cohesion. On the one hand, the omission of these emotions has the positive effect that negative emotions may not become visible too quickly, but on the other hand, the emotionally indecipherable counterpart remains a veil of gray into which one is all too happy to interpret the negative. In order to develop a minimum of team spirit, however, a few prerequisites must be observed:

1. *Reliability*: If deadlines or quality standards are agreed upon, team members should orient themselves to them even more than they already do, especially in the constitutive phase of virtual teams. Due to the almost non-existent possibility of apologizing through emotionally credible communication, this greater discipline should be observed preventively. On the other hand, managers and team members should also refrain from assuming constant availability.² Reliability is therefore to be understood in two ways: Agreed deadlines are to be met, but as a rule, only these deadlines should take place.

²See Krämer (2019, p. 35).

2. *Physical meetings*: For the constitution of the group, but also in larger intervals, one should try to organize a real meeting of the virtual group. Often the will to cooperate is greater if you have met someone physically before.
3. *Use of real-time media*: This includes not only the classic telephone, but also chat or instant messaging services (such as WhatsApp). Setting up a group where you can see which of your virtual colleagues is online and when, can promote the extent of communication and thus the emergence of a “we-feeling”.
4. *Virtual small talk*: The previous point also lends itself as a platform for virtual small talk. As in face-to-face communication, a certain amount of space should be reserved for the exchange of non-work related things. This gives the virtual counterpart a “face” and communication not only a functional but also a social component, which is particularly important when working in isolation at the virtual workplace. In this context, it makes sense to take a break in virtual meetings as well, during which the participants can replenish themselves with drinks and have time for a virtual, non-work related chat.³

10.3.2 Integration Off the Job

In the area of complementary integration *off the job* two groups of measures are significant. If it is more important to increase efficiency and effectiveness or to establish a basic cohesion, one uses so-called *teambuilding methods*. If the focus is on overcoming obvious cultural differences, the *intergroup intervention* method is the best choice.

Teambuilding

Under the term teambuilding, an enormous spectrum of methods and procedures is offered today. These can range from joint whitewater rafting to moderated workshops. The methods can basically be divided into two groups: Those that aim to promote cohesion and cooperation through a more cooperative attitude, and a second group that focuses on concrete improvements in efficiency and effectiveness in cooperation.

1. *Methods for achieving a cooperative attitude*: This mainly includes the organization of so-called social events, for example, climbing in a high ropes course or whitewater rafting, but also less spectacular events such as the company outing or the summer party can be classified here. When selecting such methods, care must be taken to ensure that the events do not have too much of a “show character” and, in addition, that the content of the event is chosen in such a way that it has no particular affinity to one of the subcultures. What is more important is that you *do something together* at the event, with visible success and/or fun. It is essential to ensure that there are sufficient opportunities

³See Krämer (2019, p. 37).

for private communication. At the beginning of a project or a newly formed organizational unit, it is often a good idea to organize one or more larger events (even events lasting several days). In the course of the cooperation a rather informal meeting should take place at least once a week. Larger events are again recommended when certain milestones are reached in order to celebrate a shared sense of achievement and thus further strengthen group cohesion.

2. *Methods for increasing the efficiency and effectiveness of cooperation:* These methods mostly use workshop-like techniques. The rather rational exchange about working together is in the foreground. By analyzing the previous cooperation with regard to work organization, leadership, role allocation, participation or time management, problem areas are worked out and solutions are defined together. Under Sect. 10.4 an example from this area is presented in more detail. The team self-analysis described there can also be carried out quite easily without external moderation.

Intergroup Intervention

This method, developed by Blake,⁴ is designed to enable or restore group collaboration when members are in unproductive conflict with each other. This situation occurs especially when groups of different origin or professions (e.g., IT and marketing) have to work together in some form, but so far there are no real experiences but rather prejudices regarding the other group.

The procedure of the intergroup intervention is structured in the following steps⁵:

1. Under external moderation the two groups meet at a neutral location.
2. First, the two groups answer the following questions in separate rooms and document them (e.g., on a flipchart)
 - Which characteristics best characterize our group?
 - Which characteristics best characterize the other group?
 - How do we think the other group describes us?
3. Next, the groups present the results of the questions to each other, with only questions of understanding, no comments allowed.
4. The groups now retreat to separate work and try to evaluate the findings from step 3. In most cases, the other group will perceive you far less negatively than you thought. This means that a first step toward reducing tensions has already been taken and the foundation stone for better cooperation has been laid.
5. In a further joint session, the outstanding differences are now usually discussed constructively and under the guidance of the neutral moderator, and solutions are sought.
6. An evaluation meeting will be held at a later date to determine the success and possible corrections to the measures adopted.

⁴See Blake et al. (1964).

⁵See Neuberger (1994, p. 249) and Staehle (1999, p. 954 f.).

Alternatively, the method can also be used as a so-called fishbowl. Here, one group works out the answers to the questions presented above, while at the same time being observed by the other group without comment. Afterward the roles are swapped. The further procedure follows the steps described above from point 4 onward.

10.4 Practice Check

The team self-analysis presented here is based on our own further development of a methodology, presented by Woodcock.⁶ The application should already take place after an initial short phase of cooperation, for example, after the first week, and then be repeated regularly (at the beginning about monthly). The moderation can be taken over alternately by another group member.

The procedure is described in detail as follows:

1. Each group member first completes the following questionnaire on the quality of the team work to date by assigning scores for each question.
2. The group then sits down together and gives its assessment for each question. For each question, the mean value and the sum of the deviations from the mean value are noted. The questions are now put in a double order: On the one hand, according to the average score, starting with the worst score, and on the other hand, according to the sum of the deviations from this score, starting with the highest deviation.
3. Now, first of all, the questions are discussed where there is a large deviation from the average score, that is, where the participants disagree in their assessment of the situation. Differences in assessment usually lead to a constructive discussion of different points of view and problems. Misunderstandings and apparent conflicts can be revealed, as can different goals of the participants. In any case, this ensures greater transparency of opinions, values and attitudes.
4. Finally, the questions that on average were rated poorly are considered. If points from the survey are judged to be collectively negative, the group should investigate the causes and define countermeasures. The cause-effect diagram from Sect. 9.3.1 can also be used in the cause analysis.

10.4.1 Questionnaire for Team Self-Analysis

The following nine questions are to be answered on a scoring scale from one (best) to six (worst):

⁶See Woodcock (1995, p. 128).

1. How do you assess the transparency of the objectives and framework conditions of the tasks to be performed in the group?

1 2 3 4 5 6

2. How would you score the procurement and use of information?

1 2 3 4 5 6

3. How do you judge the way the group organizes itself to complete the task?

1 2 3 4 5 6

4. What score will you give the procedure for making decisions in the group?

1 2 3 4 5 6

5. How do you judge the balance of participation of everyone in the group?

1 2 3 4 5 6

6. What score would you give to the atmosphere of cooperation in the group?

1 2 3 4 5 6

7. How do you evaluate time management in the group?

1 2 3 4 5 6

8. How do you evaluate your own pleasure in working in the group?

1 2 3 4 5 6

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Re-Education as a Success Factor: Targeted Personnel Development

11

Re-education generally covers all personnel development measures that are implemented as proactively as possible within the framework of a planned corporate change. Depending on the nature of the change, employees are given new knowledge, additional skills, but also a different attitude. The aim of re-education is therefore to achieve better preparation for the additional requirements that arise from change. In most cases, re-education in the form of further training has a motivating effect. Methodologically, trainings *on and off the job* are available. A suitable mix of these two categories ensures a greater sustainability, so that what has been learned can actually be applied in everyday life.

11.1 Concept and Contribution to Success

11.1.1 Concept

Re-education is generally understood here to mean personnel development measures which, in the context of change projects, aim to improve individual skills and change attitudes in line with the objectives. As the Kienbaum study, mentioned in Sect. 6.4.2 above, revealed, 97% of employees and 94% of managers expect targeted personnel development measures in the context of corporate change. In reality, however, according to the study, this expectation is often not fulfilled. For example, around 60% of those surveyed stated that corresponding measures were not offered in the context of change management.¹

¹See Kienbaum (2012, p. 19 f.).

If re-education is offered, it includes the use of the common methods of personnel development specifically geared to change management. Personnel development generally aims at changing or improving three areas of individual competencies²:

1. *Knowledge*: Expanding knowledge means acquiring more information about a particular subject. In practice, this can be quite different things, for example, knowledge of new laws and their interpretation in corporate taxation, knowledge of new developments in experimental physics or knowledge of benchmarks of corporate strategy in a particular industry. Knowledge itself is first of all a passively stored quantity of data, but it is also structured.
2. *Skills*: Skill goes beyond passive knowledge by encompassing the acquisition of proficiencies and abilities. For this, the acquisition of new knowledge is often necessary, but by no means sufficient. Skills can basically be divided into the two sub-areas of manual and mental skills, that is, it includes, for example, the skill of a complicated operation in production as well as the ability to program a web page or to do accounting in accordance with the new tax laws.
3. *Behavior and attitude*: This last point refers to characteristics or abilities that are less mechanical or knowledge-based, but are largely based on values, norms or attitudes. These include, for example, leadership behavior, work behavior or behavior toward peers or customers.

Depending on the nature of the planned corporate change, all three areas may be equally important or parts of them may be more important. In general, however, it can be said that attitudes and behavior play a central role in cultural change, for example in the context of mergers and acquisitions. If the change takes place mainly for reasons of strategic adaptation to a changing corporate environment, for example, triggered by technological change, then the first two points can be particularly important. Since knowledge acquisition by its nature is initially rather passive, it rarely plays a dominant role in the area of change management on its own, but is rather a precondition for the acquisition of skills or the change of attitudes.

11.1.2 Contribution to Success

Three major contributions to success can be ascribed to re-education, the first two of which result directly from the above comments on the objectives of personnel development, whereas the third is more of a positive side effect, which is very beneficial to the overall project of change.

²See Jung (2001, p. 256 f.).

1. *Supporting the necessary cultural change:* Although cultural change is a task that is aimed at the entire company, the individual is an important starting point for initiating this change. As mentioned above, this requires above all a change in values and attitudes. In a first step, this can already refer to the general willingness to change itself, including active participation in shaping it. This will create a climate of openness and participation, which should lead to less resistance.
2. *Reduction of qualification deficits:* This point refers to the necessary expansion of knowledge and skills in the context of a planned change. A company change usually requires that jobs and job profiles also change. On the one hand, it may be that employees who previously had no management responsibility are given this responsibility for the first time. For this purpose, it is essential that the first steps are prepared and accompanied. On the other hand, the change can be triggered by recognized competence deficits of the company in the area of process design (e.g., in quality management), the technologies used or even the form of market development (e.g., too little international orientation). In these cases, the strategic direction of the change results in a high demand for further qualification.
3. *Increasing the motivation of those involved:* Personnel development is always seen as an incentive. Recruiters in companies report that applicants—especially younger ones—often ask whether systematic further training takes place after joining the company. If these applicants who ask for further training become employees, they often do not take advantage of the opportunities for further training very aggressively. This apparent contradiction dissolves when the actual meaning of the question is grasped by the applicants. Above all, they want to test the company's attitude toward the human resource. Is the human resource only seen as an executive organ or is the company willing to invest in it and rely on a long-term partnership? Accordingly, employees are usually motivated when they are offered opportunities for personal development. If the change offers the individual the chance to receive more advanced training, this circumstance can be a motivational factor that at the same time increases the individual's willingness to change.

11.2 Conditions for Effective Re-Education

Re-education is successful if, on the one hand, it actually builds up the qualifications necessary for successful change and, on the other hand, has a high level of acceptance among individuals. The following points must be observed to ensure effective re-education:

1. *Proactivity:* If change is to succeed, it is important to start the necessary personnel development measures at a very early stage. This not only ensures faster productivity of the newly introduced measures, but also prevents individual failures and thus demotivation and resistance. According to a study by Leeds University, however,

only 21% of the companies surveyed are already training employees *before* an impending change.³ Employees who are not properly prepared, however, often react with concern when they hear about possible changes in their work area. The reason for this is—apart from the uneasiness that is generally associated with new things—there is often an unjustified concern about whether one is up to the new requirements. For this reason, a development plan should be agreed directly with the individual when they become aware of the new content and organizational orientation. This not only reduces fears because the person concerned now expects a corresponding development of competence, it also signals to the employee that they can continue to rely on him.

2. *Sustainability:* Lack of sustainability is a general problem of human resource development, which has entered the literature under the term *transfer gap*. Many people may be familiar with the phenomenon of returning to the workplace from a seminar lasting several days full of optimism and inspiration, because they believe they have now understood what they need to do better, whether it be optimized time management, more efficient employee management or whatever. But at the workplace, after a short time, you fall back into old, outdated patterns of behavior. The reason for this is usually twofold. On the one hand, the actual work environment and thus the situations you are confronted with may not correspond exactly to what was assumed in the seminar. In this case you would have to modify the learned methods or behavior patterns on your own, but this is not always easy. On the other hand, one simply forgets a part of the acquired knowledge and skills again. For this reason, personnel development can not only consist of one-off, selective attendance at seminars or similar forms of teaching, but also requires follow-up support and reflection at the workplace itself.

Sustainable Change Management Training at DHL⁴

At the DHL parcel service of Deutsche Post AG, there is a very good example of sustainable human resources development in the area of change management training. A change management training, which is intended to train employees as change agents, is followed by a phase of regular coaching within the framework of a change project. The aim is to ensure both the understanding and the correct application of methods in practice. The coaching phase is concluded with a case study of the project, which the coachee presents to a panel of project managers to reflect on what he has learned. In an internal study, DHL used a non-coached control group to evaluate whether coaching leads to more sustainable learning effects. The results clearly show that those who have taken advantage of coaching use the learned methods in practice far more often than those who have only attended training. ◀

³See Oakland and Tanner (2007, p. 10).

⁴See Hagemann and Wolf (2017).

3. *Individuality:* Re-education is all the more effective the more individual measures are tailored to the persons to be trained. To this end, an analysis should be carried out together with the persons concerned to determine which requirements are particularly important in the future in the relevant position and where there are qualification deficits. On the one hand, this increases the cost efficiency of the measures, because some employees will already have the necessary qualifications in whole or in part, and on the other hand, it also allows individual needs to be addressed, which contribute to the desire for self-realization. Personnel development is by its nature a win-win measure, where both sides, employer and employees, can benefit. If the personal wishes for further development are also useful to the company in the short or medium term, the commitment of the individual should be encouraged in order to provide the motivation for change mentioned above.

“Self-Managed Learning” at IKEA

A good example of how this can look like in practice is the so-called “self-managed learning” at IKEA. Designed by the HR department and guided by coaches, employees define their own personal development plans, which lead to a “learning contract” between employee and company. Learning is seen here as a lifelong process, leaving the individual to decide on learning goals, methods, places, times, etc. This not only increases the individual fit of the personnel development, but also the motivation of the learners through autonomy.⁵ ◀

A further point where individualization of the measures contributes to a higher degree of effectiveness is the consideration of the individual learning type. In general, a distinction is made here between the visual, the auditory, the communicative, and the practical learning type, depending on the preferred teaching medium.⁶ The visual type of learner prefers visual perception as a medium, the auditory type the lecture, the social type the dialogue or group work and the practical type the exercise.

4. *Careful provider selection:* In many cases, personnel development means taking advantage of external support, for example from seminar providers. When selecting these service providers, one should proceed carefully and above all consider three points:

- *Recommendation:* As usual with services provided by persons, quality can only be judged by experience. One should therefore try to search the contact network for recommendations based on personal experience. Some providers also offer open seminars, which can initially be attended by a test person at a reasonable price and serve to enable a possible service provider to be assessed in a more qualified manner.

⁵See Lämmler (2009).

⁶See Jung (2001, p. 270 f.).

- *Experience:* In many forms of personnel development, it is essential that the service provider also has an experience-based understanding of the tasks and working environment of his clients. This can include experience in the industry as well as management experience. Without this prior knowledge, the risk of transfer gaps, as described above under the heading “Sustainability”, is particularly high, as the participants do not see how what they have learned contributes to their everyday lives.
 - *Price-performance ratio:* An expensive supplier does not automatically have to be better and vice versa. On the other hand, you usually have to pay a certain amount of money to get good quality. Basically, it should be noted that good personnel development work does not necessarily have to be very expensive, but imagination and creativity are also required here.⁷
5. *Success controlling:* Despite careful selection of providers, a process and success control should also be carried out for personnel development measures in order to initiate corrective measures in time if necessary. There are two main instruments that can be used for this purpose:
- *Teaching evaluation:* Following a training measure, the training itself and especially the service provider (trainer, lecturer etc.) should be evaluated by the participants. This is usually done by filling out a questionnaire, in paper form or online. Important components of such a survey are: The suitability of the content, the teaching quality of the lecturer, the materials used, and the teaching methodology employed. The results are then not only to be used internally, but also to be made available to the service provider, so that he can derive optimizations if necessary. In addition, the service provider is to be asked to what extent things need to be improved, for example, organization, premises, selection of participants, briefing etc.
 - *Evaluation of success:* Precisely because of the transfer gap described above, it is important to find out whether the development measure has also led to an improvement in practical work. Measuring this is much more difficult than in the case of teaching evaluation, but should not be neglected due to its eminent importance (see also the example of DHL). Since quantitative measurement can rarely be carried out, it is advisable for the trained person to assess whether and to what extent he or she has improved, even after a certain period of time (e.g., after 3 months). At the same time, the same questions are submitted to the supervisor of the trained employee in order to achieve greater inter-subjectivity. In some cases, customers can also be interviewed if the employee and the training were mainly related to customer contact.

⁷See Lauer (2002).

11.3 Selected Methods of Re-Education

It would go beyond the scope of this book if all methodological forms of personnel development were to be dealt with here in a decisive manner. There is sufficient specific technical literature available for this purpose.⁸ First of all, a few basic forms that are of great importance in the context of change management will be briefly presented here. Afterwards, a special variant of the use of coaching will be discussed, which combines sustainability and cost efficiency in a special way.

11.3.1 Overview of Methods

The basic subdivision of personnel development measures is usually based on whether they take place in parallel with the actual work (*on the job*) or if you interrupt your work and continue your education at another place (*off the job*). The following Fig. 11.1 gives an overview of the methods presented in more detail.

The following *on the job* methods should be given particular consideration in the context of corporate change:

1. *Job rotation* describes a planned change of activities within the company with the aim of broadening the horizon of knowledge and experience. Depending on the career plan, a change can take place exclusively within a functional area, for example between different areas of human resources, or it can be a deliberate move across several functional areas (e.g., human resources, controlling, and marketing). The latter is particularly important if tasks are to be taken over in the future that are either at a higher management level or have an interface function in the line organization or in projects. Job rotation is particularly important for the purposes of change management because it promotes understanding for other tasks and also cultures within the company. This is a key success factor for integration (see Chap. 10), but also acquired is the necessary knowledge for the coordinated realignment of the company.
2. *Transfer of limited responsibility*: This measure begins directly with the success factor “Participation” (see Chap. 9). A special form that shows how the transfer of limited responsibility works in practice is the so-called *multiple management*. Here, parallel to the actual management or the board of directors, a kind of junior board of directors is formed from junior executives, who are presented with the same matters for decision as the actual top executives. They then receive information about the junior board’s decision and can, if necessary, rethink, and optimize their own decisions on this basis. The advantage for the persons involved in the junior management board is that on the one hand a certain role behavior can already be practiced, on the other hand a cognitive

⁸See e.g., Becker (2013).

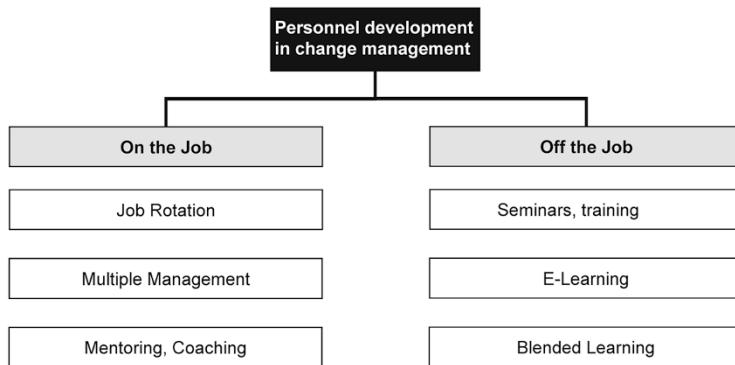


Fig. 11.1 Common methods of personnel development within the framework of change management

learning process is triggered at the same time, because things can now be viewed from a higher perspective and thus a more comprehensive understanding of the company and its environment is gained. However, the transfer of limited responsibility includes any form of decentralization, but ideally this should first be accompanied by coaching or mentoring (see below).

3. *Mentoring and coaching:* Coaching and mentoring both refer to the accompaniment of the work practice by experienced staff that provides help for self-help, especially in the form of reflective dialogues. In mentoring, the instructor comes from within the company, in coaching it is an external specialist. Mentoring and coaching are particularly suitable for change management, as they offer sustainable support in everyday life and are multidimensional in terms of knowledge, skills, and behavior. The risk of a transfer gap is particularly low because actual situations are reflected and the support is provided over a longer period of time (usually at least half a year). The only disadvantage is the cost, which is mainly incurred when using external coaches. For this reason, coaching was used for a long time, especially for top executives. Since the beginning of the millennium at the latest, however, there has been a continuing trend to expand coaching and to include at least middle management. According to the results of the Marburg Coaching Study, in which a total of 1090 coaches and 243 demanders of coaching were surveyed in 2009, the use of coaching in practice has more than doubled in the last 10 years.⁹ However, coaching is not only suitable because of its sustainability. In an executive study by the University of Sydney, it could be shown that coaching during a change project also increases the achievement of objectives and also leads to greater self-confidence at the individual level and thus to greater resilience with regard to the turbulence associated with change.¹⁰

⁹See Gross and Stephan (2011, p. 223 f.).

¹⁰See Grant (2014).

The following *off the job* methods can be used:

1. *Seminars and training courses*: They are the classic form of personnel development. Although, as explained above, the risk of a transfer gap is particularly great here, seminars and training courses offer the advantage of imparting a great deal of knowledge and skills in a structured manner in a short time. They are therefore indispensable for change as the basis for re-education.
2. *E-Learning* is a computer-supported, self-directed form of learning. The advantage over the seminar is the greater time flexibility, so that the entire working week does not have to be interrupted for 2 or 3 days. On the other hand, this is accompanied by the disadvantage that a lot of self-discipline is required to complete the necessary learning units. Provided that above all knowledge is imparted, e-learning can be quite useful. If work is to be done on behavior, attitude and skills, personal presence still offers unbeatable advantages. For this reason, the combination of seminar and e-learning, so called *blended learnings* which combines phases of presence with online-supported work, is increasingly gaining popularity.

11.3.2 Seminar-Based Coaching

The high cost of coaching can be rightly argued against, but on the other hand, as mentioned above, the method has massive advantages in terms of the sustainability of learning success. On the other hand, the seminar has the advantage of being able to impart a lot of knowledge in a short time and at a low cost per participant. Therefore it makes sense to combine the rather inexpensive seminar with the sustainable but more complex coaching in such a way that an effective and sustainable, but at the same time inexpensive form of re-education is created (see also the example of DHL in Sect. 11.2). In this case, the basics are first taught in the seminar and then consolidated in a targeted manner through selective coaching in everyday working life.

The development of such coaching in practice is divided into four phases¹¹:

- *Phase 1 = Diagnosis*: In order to realize the advantage of the individually more targeted deployment, the persons to be developed (coachees) are to be analyzed with regard to existing development deficits. The combination of a self- and external assessment (usually by previous superiors) has proven to be effective here. A questionnaire can be filled out first, which serves as a basis for a subsequent personal interview. The result of the diagnosis is a skills profile in conjunction with the definition of concrete development areas such as the optimization of time management or improvements in delegating tasks.

¹¹See Lauer (2006).

- *Phase 2 = Group work:* In order to save costs and ensure a more systematic approach to personnel development, it is advisable, especially at the beginning of the coaching process, to impart basic knowledge (such as time management or delegation) in group events that bring together several coachees. In this case, the lecture is used as well as moderated group work and free discussion. The diagnostic results can be used for the purpose of a precise selection of topics in order to focus on qualification gaps that span several persons.¹²
- *Phase 3 = One-to-one session:* Based on the development goals set out in writing, concrete tasks from the daily work environment are defined in the one to 2 h individual sessions on a weekly or biweekly basis. If, for example, the problem of incorrect delegation occurs, especially with regard to a particular employee, the coach and coachee first reflect in a joint discussion on what the causes of the problems could be. Both then work out a possible solution in a dialogue, which is recorded in writing as a “work assignment” to the coachee. The written form increases the commitment for the coachee and at the same time ensures a systematic approach by the coach. In the next session, the task from the last session is discussed. If previous deficits have now been successfully overcome, the next area of development revealed by the diagnosis is addressed in the same way. Ideally, this process continues until all areas have been successfully covered. The offer of a hotline for the time between sessions rounds off the individual support component.
- *Phase 4 = Success control:* A distinction must be made here between short and medium-term performance monitoring. In the short term (during the coaching process), the self-assessment by the coachee is important. This can take place, for example, on the basis of a “fever curve”, in which the degree of subjectively perceived progress is plotted each month with the help of development lines. The coach thus receives simple feedback on whether or not he is on the right track with the coachee and can react to problems by asking specific questions. If all lines point upward, this can further increase the motivation of the coachee to “work on himself”. In the medium term (after the coaching), it is also important to ask whether this instrument has actually led to success. Occasionally “hard” facts can be used here, such as the average promotion rate of the coachee compared to non-coached employees in the same starting position. Above all, however, a self-assessment of the coachees 1 year after the coaching process has ended can also be helpful.

¹²A practical example of group coaching in the context of change processes is documented, for example, by Braun and Zink (2012, p. 520).

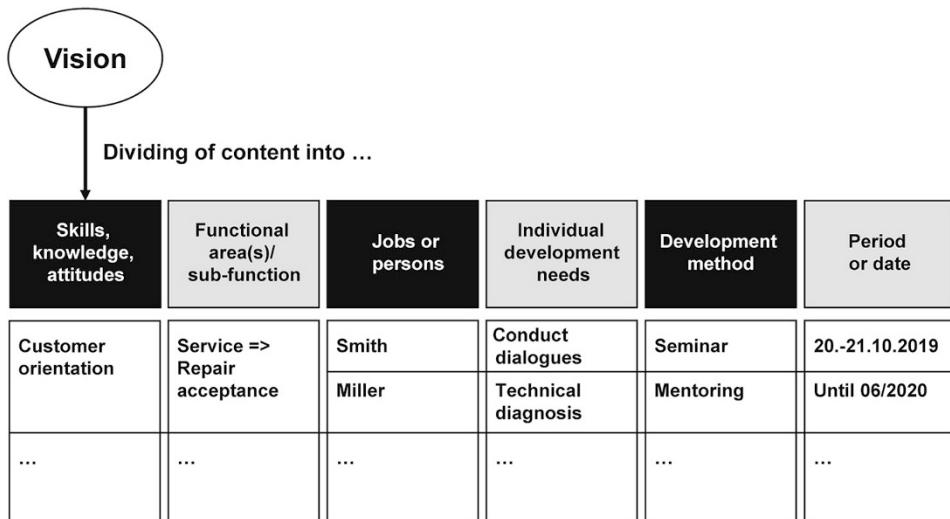


Fig. 11.2 Structure of a re-education plan

11.4 Practical Tip

In order to carry out proactive and individually coordinated personnel development, it is advisable to set up a *re-education plan* at the beginning of the project on corporate change. This is cascaded from the vision (see Chap. 7) down to the individual employee. The following Fig. 11.2 shows the structure of such a plan.

First of all, the vision is used to determine the extent to which behavior, attitudes, knowledge or skills need to be changed or further developed in the company or the area to be changed. This can be done at project management level. If, for example, a former authority (such as the post office in many countries) becomes a competitive company, the attitude toward customer orientation must be changed. Skills are to be acquired, for example, in conducting sales talks and knowledge with regard to new products. The next step in the cascading process is to list the functional areas and sub-functions in which the listed changes are to be made. Here, the corresponding organizational areas should be included in the planning. Together with these, the exact persons or bodies that need the new competences can then be named. In one-on-one discussions with the persons concerned, it is then determined how high the individual development requirement is and which method of personnel development is suitable. In order not to remain at the conception stage, a date or at least a time frame for the development measure to be taken should be defined directly.

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Success Factor Project Management: Managing Complexity Correctly

12

Project management is an important part of many disciplines, even outside the discipline of corporate management. In the context of change management, the naming of tasks, responsibilities, deadlines, and resources provides above all the necessary orientation. Because of the strategic importance of corporate change, the most capable people should always be appointed to projects, not those who are currently available. In addition to professional project planning, the integration of project team members is also of crucial importance. In order to receive sufficient support both internally and externally, the importance of the project and the successes achieved should be marketed aggressively. When it comes to successes, care must be taken to select those measures from the multitude of possible sub-projects that lead to so-called quick wins, that is, rapid implementation successes. The management of the diverse activities in the context of a large-scale corporate change must be entrusted to a professional project structure organization with a steering committee and, if necessary, a project management office. So-called agile project management methods are particularly suitable for the flexible and participative implementation of the visions underlying the change.

12.1 Concept and Contribution to Success

12.1.1 Concept

In this context, project management is understood to mean a professional, that is, structured and planned design of project preparation, project implementation, and project monitoring.

Change management and *project management* are inextricably linked areas, as change is usually organized in the form of projects and the project is in a sense an organizational form for changeable enterprises. On the other hand, project management is a field of teaching in

its own right, for which countless practical guides or textbooks have been published.¹ In this respect, it makes little sense in a book on change management to deal with the topic in an all-encompassing manner. In this chapter, therefore, we will highlight specific aspects of project management that are particularly important in managing corporate change. The other aspects, such as project planning or project monitoring, are indispensable for professional project management and thus also for change management, but because of their practical distribution and the large number of publications they are taken for granted or even classified as too formal, which is why towards the end of the chapter with Agile Project Management an approach is shown that is particularly linked to the success factors of project management.

12.1.2 Contribution to Success

According to the change management model from Chap. 5, project management is a factor which provides orientation for the parties involved. This orientation is created in detail by the following contributions to success:

- *A general reduction of complexity:* The situations in the business environment that trigger change are, as described in Sect. 3.5, often characterized by a high degree of complexity. This necessarily also affects the answers that a company provides to master the challenges it faces. Complexity, however, cognitively overwhelms us humans. In order to remain capable of acting, reality must therefore be reduced to a simple image with the most important cause-and-effect relationships and measures. Project management does this by defining the most important areas of action and usually naming them as separate sub-projects. This not only gives us the opportunity to react to challenges with change, but also the psychological certainty of being able to do so. For this purpose, (ambitious) goals are set for the content, which are ideally small partial visions for the people working on them and thus have a motivating effect.
- *Naming responsibilities:* In addition to the naming of topics, orientation also includes the naming of responsibilities. Measures without responsibility or with unclear responsibilities usually lead nowhere. Therefore, not only must clear objectives be defined, but also those who are ultimately responsible for achieving the objectives must be named. This in turn creates orientation for everyone in so far as they know what they have to focus on in the first place.
- *Provision of necessary resources:* Change usually requires human and monetary resources. These are made available to those responsible within the framework of projects, who thus receive a—hopefully—reliable planning basis for their measures.

¹See also Olfert (2007), Kuster et al. (2007).

- *Securing the achievement of objectives and meeting deadlines:* The various methods of project planning and project control are intended to ensure that the original plan with its objectives and deadlines is adhered to. Those responsible must be measured against this and, in exceptional cases, must provide a clear explanation of why deviations occurred.

12.2 Conditions for Effective Project Organization

For projects to be able to meet their objectives on time and, above all, in good quality, a whole range of prerequisites must be met, which have to be taken into account in the project structure and process organization, but also soft factors such as *project team building* or the *project marketing* are to be sought. In detail can be mentioned here:

1. *Qualification-controlled personnel selection:* Unfortunately, in practice it can be observed time and again that not the most capable heads are appointed to a project, but those who are just “left”, that is, those who have free time resources. In view of the strategic importance of change, this can already be the cornerstone for failure. Therefore, a wish list of the most capable candidates should first be drawn up, and then ways should be sought to make this team possible for the most part. A project member is “capable” if he or she fulfils two conditions at the same time: On the one hand, the correspondingly required professional or social qualifications must be available, and on the other hand, there must be sufficient motivation to participate in the project and work for its objectives. In addition, it must also be ensured that the members of the project team enjoy sufficient acceptance in the organization, otherwise the danger of resistance to the change project is likely to increase.²
2. *Ensure sufficient capacity:* Even if the right people are appointed to the project team, this does not guarantee success. Often the project is grafted onto the rest of the task spectrum, especially the so-called day-to-day business. The danger of overwork and conflicting goals can lead to employees burning out and becoming demotivated in the long run or otherwise accepting a loss of quality is great. Therefore, not only should the right people be appointed, but it should also be ensured that they have sufficient time for the project. If necessary, the daily business should rather be taken over by others, because operative work is of less importance for the sustainable success of the company and is usually easier to learn.
3. *Definition and monitoring of project management processes:* Even if the presentation of these processes themselves is not the subject of the explanations here, it should be noted that professional project planning and continuous project monitoring is required. However, there is a fine line to be walked. On the one hand, a project plan must be drawn up and its adherence monitored for orientation purposes alone, while on the other hand this

²See also Frei (2018, p. 39).

very activity can degenerate into excessive bureaucratization of the project, in which methodology dominates content, devours resources and restricts necessary flexibility. A project plan is not set in stone. During a larger project, new experiences are usually made and new information is added from outside, which can make it advisable to change the plan. It is also wrong for a project manager to demand *a priori* a too detailed project plan for the individual sub-projects and to strictly monitor that detailed plan afterwards. Here, too, it is better to have a control system that is based more on the principles of *Management by Objectives* (MbO), *management by Delegation* (MbD) and *management by Exception* (MbE) sets. This means that the individual responsible persons are given clear objectives or agree on what is to be achieved in their respective subprojects by when (MbO). However, the way to achieve these goals should be left to content and time management at the sub-project level and tasks should be delegated consistently (MbD). A project control can now look in such a way that the subproject managers only report whether one is making good progress on the path planned by themselves or whether difficulties are to be expected which require a supporting intervention of the central project management (MbE). A method that takes this into account is Scrum (see Sect. 12.3.5).

4. *Project Team Building*: Project teams belong according to Sect. 10.1.1 to the groups that are newly formed within the framework of change management processes. A quick group cohesion and the quickest possible coordination of the work among the groups are central to efficient and effective work here. However, a 2009 count of 16 books on the topic of project management showed that of a total of 3523 pages of text, only 80 pages were devoted to the topic of project team development, 36 of which were devoted to the somewhat older book by Mende and Bieta alone.³ Project management literature is therefore too much devoted to project planning and control techniques and often neglects the fact that shaping the social atmosphere in projects is equally important for their success. In the meantime, however, there is a pleasing increase in the number of publications that focus on the social aspects of project management.⁴ In Sect. 12.3.3 more should therefore be said on this subject.
5. *Project Marketing*: As already mentioned in Chap. 8 on the subject of communication, it is first of all important to inform about the meaning and objectives at the beginning of a process of corporate change. To this end, Lies recommends developing a “story” in the sense of a common and condensed understanding of the change project and, so to speak, establishing it as a brand in the company together with the project name.⁵ In the course of the change, successes should be reported as soon as possible, so that the initial enthusiasm and support from within the company does not fade away. Projects should therefore sell both internally and externally. For this it is important to communicate what

³See Mende and Bieta (1997).

⁴See also Bohinc (2012), Woschée and Wastian (2010).

⁵See Lies (2011, p. 55).

has been achieved as a success. This aspect is also often neglected in the literature and should therefore be discussed in Sect. 12.3.4 in more detail.

12.3 Selected Methods

The following methods or components of successful management are selected because they make a specific contribution to project management, especially in the context of change management, and at the same time some books on this topic tend to treat it as a secondary issue. The latter concerns mainly the last two aspects *project team building* and *maintaining motivation*.

12.3.1 Professional Project Structure Organization

In the case of corporate change, one has rarely *a* project, but usually to do with a large number of projects which, taken together, lead to a change in the whole organization or in larger sub-areas. Accordingly, control is required not only at the project level but also at a higher company level. Figure 12.1 shows how company or division-wide change management can be organized as a meta-project.

As a superordinate committee, which not only monitors the individual projects but also approves or initiates them, a so-called *Steering Board* is established. The Steering Board usually consists of selected members of top or upper management who act as a kind of interface between the project management and the company management. Their task is to define or approve the projects required for change, to ensure the strategic consistency of the interaction of the projects in relation to the planned overall change and to monitor their progress.

At the level of the individual projects, a distinction can be made between project management and project team. In the case of the project team, care should be taken to ensure that as many of the affected groups in the company as possible, the so-called stakeholders, are represented (see also Sect. 8.3.3).⁶ Larger projects are usually broken down again into sub-projects in order to satisfy the idea of autonomous and decentralized control. Here, in addition to the overall project manager, there may also be a project management committee including the sub-project managers. The overall project manager, in turn, is the interface to the Steering Board and must report to it.

Especially for projects in the context of corporate change, it is useful to use and carefully choose so-called *project champions*. Project champions are the organizational units or managers who first implement the planned and designed changes as a pilot. They are therefore also important for the acceptance of the change and the avoidance of resistance.

⁶See Gerkhardt and Frey (2006, p. 53).



Fig. 12.1 Project-structure organization of a company-wide change management (Following Schott and Wick 2005, p. 200; Campana 2005, p. 20–25)

Ideally, they have a high level of acceptance by large parts of the organization and at the same time the will to actively support the process of change.

More and more companies are supplementing large-scale projects with company-wide significance with so-called project management offices. These are teams of project management experts who provide support for the content specialists who usually have project management functions. Project management offices can be staffed by internal consulting units or external consultants with project management experience. They are primarily responsible for supporting project planning and monitoring, but also for providing appropriate IT tools, including coaching (see Sect. 11.3.2) of project managers, especially if they are new to this position. The consulting service here is mainly in the area of process consulting and not content consulting. This distinction is explained in more detail in Chap. 13 to the topic *Consultation*.

12.3.2 Strategic Project Selection

It is up to the Steering Board to decide which project ideas lead to actual projects and which do not. In order to make such a decision transparently, the use of *Project portfolio techniques* is suggested. In the case of corporate change, attention must be paid not only to the relevance of the content, but also to a certain balance with regard to the implementation period. The aim is, on the one hand, to create a positive momentum with rapid success and, on the other hand, to do what will promote the company's success in the long term.

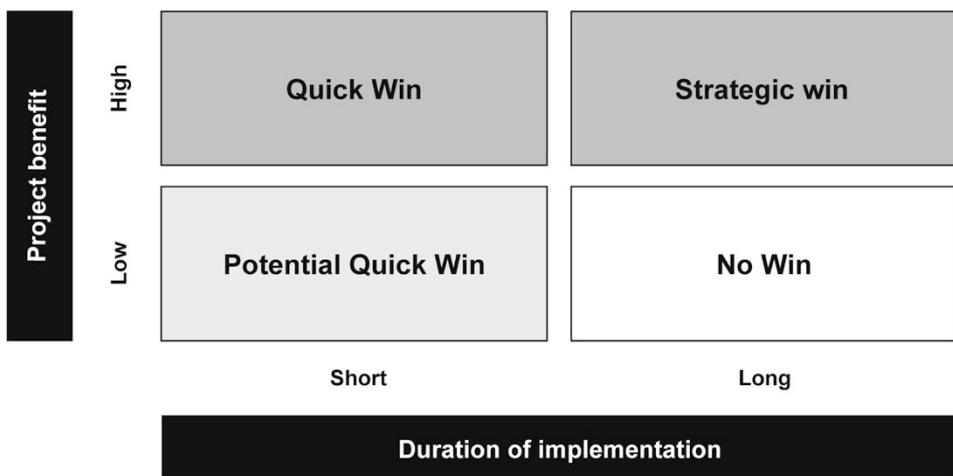


Fig. 12.2 Project portfolio to ensure a balanced project landscape

Figure 12.2 shows a basic portfolio with which such a balance can be analytically examined.

The four-field panel is formed from two dimensions, project benefit and implementation duration. The project benefit can rarely be estimated exactly in monetary terms. A scoring method is more suitable for scaling purposes here, in which different benefit criteria are defined (e.g., contribution to cash flow, contribution to company value, contribution to sustainable company existence, contribution to the working climate) and these are weighted and assigned point values (e.g., from 1 to 10) agreed upon by the committee. This procedure has the advantage of being pragmatic and at the same time creating transparency, since the assessments should be the result of an open discussion in the Steering Board, if necessary with the involvement of the respective designated project managers or initiators. Alternatively, when submitting a project proposal, one can make it a condition that these points are first evaluated by the initiators themselves, stating the relevant arguments or calculations. The board must then carry out a critical review of the self-assessment. The duration of the project, that is, the point in time from which an operational change from the project is made, is easier to estimate and should be calculated by a project rough plan when a project proposal is submitted.

If the classification is made according to these two dimensions, the projects are assigned to one of the four resulting fields:

1. “*No wins*”: These are projects with relatively little benefit and a long implementation period; they should not be tackled at all or not at all at first.
2. “*Strategic wins*”: These projects are the decisive ones for the medium and long-term change of the company and must therefore be implemented. Unfortunately, it is to be expected that a relatively long period of time will elapse before realization.

3. "*Quick wins*": They play just as important a role as the "strategic wins". However, they have the advantage that they enable rapid success. This reduces resistance or even ignites a positive spiral of support for the entire process of change. So they are not only important for the company in terms of results, but also for the smooth running of the change process as such.
4. "*Potential quick wins*": The fortunate circumstance that one has real "quick wins" at one's disposal, that is, wins that also have a high benefit contribution in the result, is not always given. Therefore, in case of replacement, it makes sense to fall back on the "potential quick wins". The fact that the benefit contribution is not so high is less tragic here than in point 1, since only little time and resources are needed to achieve the successes. On the other hand, however, one quickly has results to show that are at least beneficial to the process of change itself.

As an alternative to the procedure described above, the dimension "implementation duration" can be extended to the dimension "implementation effort". This then results from the product of project duration multiplied by the average project effort per time unit.

12.3.3 Project Team Building

The constitution of the project group is perhaps the most critical phase in the entire project process. In contrast to departments, which generally have a longer history and are usually changed step by step (even with seemingly radical changes, there is often an astonishing consistency here), project teams are generally more inhomogeneous due to their cross-functional character and at the same time have members from different functional areas (e.g., marketing and IT), who may be enriched by external forces (e.g., consultants). All these team members come from their own subcultures. Initially, this potentially involves the risk of conflicts and misunderstandings. In addition, the groups may have very different goals: The IT department, for example, is overburdened and wants to avoid further work and risks, the marketing department wants to get a new product to market quickly, and the consultants want to inspire top management while invoicing as many man-days as possible.

This potentially conflicting initial situation is also reflected in Bruce Tuckman's well-known team development model, according to which the development history of groups and thus also project teams can be divided into five phases.⁷

As shown in Fig. 12.3, the development process begins with the so-called forming phase. The team members are initially reserved here and try to familiarize themselves with the project and the team. This initially leads to a rather friendly cooperation in which everyone tries to present him- or herself as positively as possible. The main task of project managers here is not only to clarify the background, goals and content of the project in a team kick-off, but also to promote mutual acquaintance by introducing the team members

⁷See Tuckman (1965), Tuckman and Jensen (1977), Bohinc (2012, pp. 33 f.).

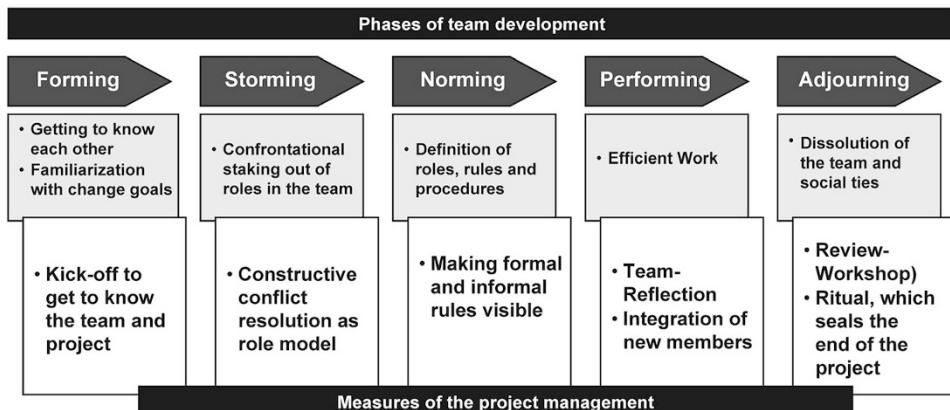


Fig. 12.3 Phases of project team development (Own illustration, contents based on Bohinc (2012), p. 33 f. and p. 62 ff.)

in detail.⁸ For this purpose, the techniques described in the Section Group Moderation (see Sect. 9.3.1) were introduced at the appropriate place.

The most critical development phase, in which the employees “drop their sights” and reveal their own interests described above, but also their personality traits, is called the storming phase. This phase initially leads to productivity losses, which are also typical for change management projects in general (see Sect. 5.1). Storming, however, is the basis of the following norming phase, because the confrontational staking out of roles lays the foundation for the development of group rules and norms of behavior that are decisive for the actually productive performing phase. In the storming phase, project managers should adopt the constructive-analytical stance of a change manager, as they did in dealing with resistance, explained in detail in Sect. 8.4. It is important that the team members are treated equally and that the connecting and separating points of view are worked out in a rather moderating way.⁹ In this way, the project manager does not evade conflicts, but rather shows by means of a role model how the entire project group can productively deal with conflicts in the future. If this is successful, the team development process is accelerated and the project’s ability to work is realized faster and at a higher level. The most important of the emerging group rules should be made explicit to everyone, for example, by means of a poster or flipchart, and are suitably present in rooms where the team meets regularly. This will ensure that work in the performing phase is as smooth as possible. The project manager can thus concentrate primarily on representing the team to the outside world and can deal with any conflicts that arise here, for example regarding the available resources, in the interests of the team. Internally, however, a team reflection is offered at regular intervals,

⁸See Bohinc (2012, pp. 62 f.).

⁹See Berger et al. (2013, p. 221).

which can also be moderated by a neutral party. In addition, the integration of new project members can trigger new small storming phases, so that the project manager is again in demand as an integrator.¹⁰

The final adjourning phase, in which the team disintegrates, completes the development process. The dissolution of the project team should consciously take place in the form of a team event, in which on the one hand review is held in order to learn for future projects, and on the other hand a ritual end is to be put, which accelerates the “mourning work” of the farewell and makes it open for new experiences.¹¹

What a generally constructive-analytical stance can look like in the storming phase is shown by two essential starting points for project managers to successfully develop a team despite the existing differences between the project members. On the one hand, conflicts of objectives must be identified and, if possible, resolved, and on the other hand, it is crucial to mitigate existing cultural differences appropriately.

1. *Overcoming of conflicts of objectives:* To this end, the project manager should try to find out what the objectives of the individual groups are likely to be. If potential conflicts result from this, or if they have already become acute or latent, the project manager must deal with them actively and early on. Here it is causally important where the conflict comes from.
 - *Fictitious conflicts (e.g., misunderstandings):* They can be identified by discussions that occur and are considered incomprehensible to outsiders. The sham conflict is dangerous because it can lead to an emotional conflict on the basis of cultural differences between the groups. If it is detected in time and the misunderstanding is resolved, a smooth further course of the project can be expected.
 - *Conflicting goals:* If the goals of the individual groups are objectively incompatible (e.g., the consulting firm only thinks about short-term profit maximization; IT refuses to tackle necessary things), the project manager should not be afraid to escalate the conflict to a higher management level. If necessary, an exchange of players (e.g., a switch to another consultancy) or the threat of consequences (e.g., via the board member responsible for IT) must be made here. Instead, inexperienced project managers tend to go to extremes: Either they delay the conflict with the danger of project failure, or an overreaction occurs in the form of an immediate escalation of the conflict to higher hierarchical levels without first looking for its cause (e.g., a sham conflict) and ways to overcome it.
 - *Emotional conflicts:* These conflicts are either based on an apparently different subculture, which immediately leads to prejudices (marketing managers are “chatterboxes” for the IT department, IT people for the marketing department are “taciturn tinkerers with no focus on results”). However, it is also possible that

¹⁰See also Bohinc (2012, p. 63 ff.).

¹¹See also Bohinc (2012, p. 63 ff.).

conflicts between members or subgroups of the project have already arisen in the company's history, leading to rejection. Emotional conflicts cannot be resolved overnight, but can only be reduced in an ongoing process. As a rule, they are automatically levelled out over time as the group concerned grows together through proximity in time and space at work and shared experiences of success.

2. *Overcoming subcultures*: The decisive factor here is the recognition of the other as an individual person and not as a representative of a subculture or group. This can only happen if both sides have the opportunity to get to know the individual personality of the other in the reality of the project (e.g., through cooperation) and if private communication is also made possible and encouraged beyond the scope of the project. The methods for this are:
 - The organization of so-called social events and
 - The deliberate mix of mini-teams on specific tasks.

Both have already been discussed in detail in Sect. 10.3.1 regarding the general success factor of integration and can be transferred 1:1 to the project level.

12.3.4 Maintaining Motivation

Is the first step in the form of group constitution successful, as described in Sect. 12.3.3, it is important to consolidate and develop the cohesion that has been achieved. A frequently observed phenomenon in projects is the easing of initial euphoria or of euphoria generated by successful start events. The reason for this is often that the project members have been convinced by the project's visions, but in reality it soon turns out that these visions cannot be realized so quickly. The reasons for this can be many and varied, often resistance from outside the project team, for example, from other departments or the boardroom, plays a role.

In order to overcome or effectively prevent this phenomenon, it is advisable for the project manager to set realistic interim targets from the outset. If these intermediate goals are achieved, the group motivation on the way to the vision is better maintained.

However, simply achieving these interim goals is often not enough; it is also necessary to communicate these successes. Experience has shown that this actual matter of course is often lost in practice. At team meetings, project schedules are meticulously rolled over and results are emphatically demanded, but there is no balance between blame and praise (the reference to achieved success). Accordingly, communication must first and foremost take place within the team, so that, especially in larger projects with several sub-groups, everyone is informed about the partial success in a group. This noticeable success will motivate or at least maintain motivation. In addition, the project group experiences itself as a team that can realize success together. This naturally strengthens the cohesion and thus increases motivation and work efficiency.

This self-reinforcing cycle is accelerated even further when external communication is added to the internal communication of success. Two different instruments are available here. The first is timely communication with the commissioning top management. Through this, the project manager will gain further support for himself and, especially as a “newcomer”, lead the project with increasing self-confidence. However, this recognition is not only experienced by the project manager, but radiates to all project members and the team members are proud to be part of this project in their communication with the management. The external impact is even greater if the media of corporate communications are used as a second instrument in parallel. These can be instruments such as the “bulletin board”, the company newspaper or the intranet, but also the regular press in cooperation with the public relations department. By using these “mass media”, a public awareness of the project’s existence and success is created. The pride of each member to belong to this team increases and the sense of “we” continues to grow.

Maintaining motivation in the data warehouse project

To set interim goals and to communicate success an example, albeit a negative one, will be used: A few years ago, I was asked as a consultant to revive a data warehouse project that was in crisis. The main idea was to communicate the project more successfully within the company. It turned out, however, that not only was there no communication up to that point, there seemed to be no success story that could be communicated. The reason was the project team’s attitude that the data warehouse could only be used when almost 100% of the data records were error-free. The chance to obtain estimates beforehand, which represented a considerable improvement for the company compared to the situation of ignorance prevailing until then, was overlooked or denied due to an exaggerated level of detail. Thus, even after 2 years, several 10 million EUR were still unproductive and the mood in the project team was correspondingly bad, as one got the impression of doing things that were pointless or not appreciated by management.

12.3.5 Agile Project Management

A method that not only promotes motivation, but is also committed to basic principles of change management such as vision, participation and integration, is known as agile project management.¹² Agile project management is a group of methods first developed in the software industry. The trigger for a change of philosophy in managing projects was the observation that projects increasingly became hostage to their own project management methods and that the adherence to project plans, some of which were meticulously worked out, thus became more important than the development of software that would provide real benefits to its future users. Project management standards had accordingly developed in a direction that can be compared with the tension phase in the life cycle models of corporate

¹²See in detail also Wipfler and Vorbach (2015).

development as a symptom of excessive standardization and bureaucratization (see Sect. 2.2). This insight gave rise to a movement that was to bring the individual and social relationships back to the fore and finally culminated in 2003 at a conference in Salt Lake City in the so-called Agile Manifesto, which still illustrates the basic principles of the method today. According to this manifesto the following principles apply:¹³

- *Individuals and interactions come before processes and tools:* Project management is understood here less as a “technical” task, but rather as leading people. Accordingly, aspects such as team development (see Sect. 12.3.3) as well as motivation and inspiration of team members in terms of transformational leadership (see Sect. 6.4) were put in the first place.
- *Functioning software is more important than extensive documentation:* It is not only in the software industry that a considerable amount of time is spent on bureaucratic processes, such as documentation, which is missing for the actually productive tasks. The basic idea of ensuring quality and transparency with documentation obligations or other bureaucratic rules has partly become independent from that, so that the actual goals of the respective projects or organizational units are pushed into the background.
- *Cooperation with the customer is more important than negotiating contracts:* The actual goal of every project as well as company is to satisfy its clients or customers, in the software industry for example through functional and user-friendly applications. Similar to internal documentation, however, customer relations often develop in a direction where both sides try to contractually secure themselves against all eventualities. However, this generalizing action with regard to negative individual cases of the past again costs resources and time and distracts from the actual task of providing solutions to customers. A cooperative relationship between suppliers and customers is generally more beneficial here.
- *Responding to changes is more important than following a plan:* Classical project management relies on precise planning from the very beginning. Setting and meeting deadlines and milestones is given high priority. In practice, however, it is not uncommon for the real requirements to become apparent only in the course of a project and for new solutions to have to be worked out in a correspondingly flexible manner. Agile project management takes this fact, which is deeply committed to change, into account by starting projects with a rough vision of what the final product (e.g., software) should look like. In cooperation with the customer, project teams then develop the requirements step by step, whereby, as already indicated above, the good or very good solution takes precedence over meeting deadlines.

Probably the best known method of agile project management is Scrum. Scrum is a term borrowed from rugby sports and means “crowd”. Scrum refers to the proximity in time and

¹³See for example Gloer (2011, p. 18).

space of the people involved in a project as well as to defined, short periods of time in which tangible results are achieved.

Figure 12.4 shows the process and the essential elements of Scrum.¹⁴ At the beginning of the project there is a vision. This is developed by the so-called Product-Owner together with the customers or the internal clients of a project, represented by representatives of the Steering Board (see Sect. 12.3.1). Just like in Chap. 7, a vision represents a feasible but challenging picture of the future that has not yet been further substantiated. The product owner as vision keeper is not a classical project manager; he has no organizational authority to give instructions to the project team, but concentrates on ensuring that this self-organizing team fills the developed vision with life. For this purpose, he is in constant exchange with the project team, in particular the joint development of a so-called product backlog. This product backlog contains the detailed requirements or packages of measures for implementation jointly developed from the vision.

The core of Scrum is now the sprints that follow the development of the product backlog. Sprints are iterative phases in which parts of the product backlog, called Sprint task board, and are implemented in such a way that they represent independent and beneficial results that can be delivered to and tested by customers or clients. The term sprint expresses the fact that these development periods are relatively short, for example, 1 week, and that a concrete goal is achieved at the end. This meets the demand for quick wins that help to maintain motivation (see Sect. 12.3.2). The tests of the implemented project components result in a new phase of reflection with the customer, from which modified requirements can result, which in turn are included in the product backlog. The requirement for flexibility from the Agile Manifesto is thus guaranteed. The completion of a sprint is followed by a new sprint until the vision has been fully implemented step by step.

Adhering to the principles of agile project management is not always easy in everyday life, as it requires a change in the mindset of all those involved. To support the teams in this endeavor, the role of the Scrum Master is established. The Scrum Master is a person who is familiar with the method, acts as a coach and together with the team in a meeting connected to the Sprint, the so-called Sprint Retrospective, uncovers possible internal and external obstacles to compliance and tries to overcome them constructively. Such a reflection can also take place on a daily basis in the so-called Daily Scrum.

Scrum or agile methods in general embody the success factors of change management in a very special way. Therefore, it is not only suitable for software or product development projects, but also for large-scale change projects, which also have a vision as a basis and which require flexible, step-by-step (quick wins!) and participative implementation. Agile methods such as Scrum do not have to be applied in their pure form. It is important to

¹⁴See also Gloer (2011), Highsmith (2010), Wintersteiger (2012).

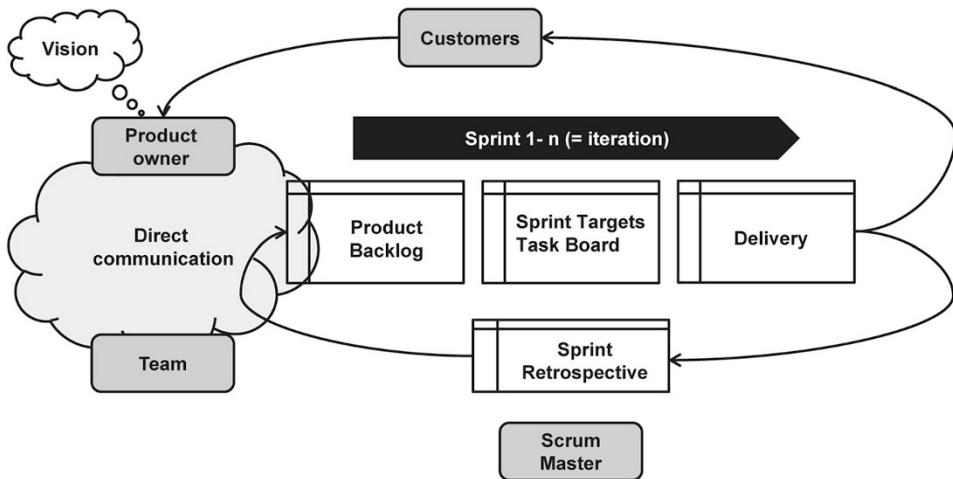


Fig. 12.4 Process and elements of the agile project management method Scrum

generally choose an iterative approach, that is, to proceed step by step on the basis of a vision and thus retain sufficient flexibility to decide what is to be implemented and when exactly.¹⁵

12.4 Practice Check

By answering the four questions below, the Practice Check can quickly determine whether your company has so far understood project management sufficiently as a socially integrative and motivating task and not just as a technical-planning tool. This is because this point is particularly important in the context of critical processes of corporate change, as explained in this chapter.

¹⁵See also Frei (2018, p. 86).

Questionnaire

1. When selecting personnel for the projects, was priority given to qualifications over availability?
 Yes Partly No

2. Have project members been relieved of previous tasks to the same extent as the new burden?
 Yes Partly No

3. Was the existence of quick wins consciously taken into account when selecting individual projects or sub-projects?
 Yes Partly No

4. Do project managers receive training (e.g. in the form of coaching) that includes the social-integrative components of the project, such as team building and motivation, or is this otherwise ensured?
 Yes Partly No

Evaluation

Now assign three points for each box checked in the questionnaire on the left, two points in the middle and one point on the right. Then add up the points.

11–12 points

Your company has realized that project management does not only include the application of planning techniques, but also the management of motivation and integration. If at all, only minor optimizations are necessary.

8–10 points

The social-integrative component of project management is already partly practiced in your company, but probably not yet systematically and institutionally. It may therefore be appropriate to introduce the methods mentioned in this chapter explicitly.

Less than 8 points

Presumably, project management in your company has so far been understood purely as a technical planning task. What works well in small sub-projects with predominantly

material tasks, usually leads to problems in the context of corporate change, which manifest themselves in resistance. Try to gain an understanding of these problems step by step and use the methods presented in this chapter.

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Consultation as a Success Factor: Using Professional Consultants

13

Consultation is understood to mean the use of external, and in some cases in-house, consultancy services in the context of corporate change. In this context, the consulting services may be aimed more at developing the content of change (e.g., new strategies) or primarily at the professional management of the change process itself. Consultants contribute external knowledge, are ideally neutral, have a high degree of persuasiveness and manage the projects in a routine and professional manner. However, the use of consultants is only beneficial if the consultants retain their independence from the client and at the same time tailor their solutions individually to the respective company. In addition, the selection of consulting companies should be made carefully and based on references or own experience.

13.1 Concept, Trends, and Contribution to Success

13.1.1 Concept

Consultation in this context is to be understood as the use of (external) content or process specialists to carry out a change management project. In general, this means support from consulting companies or consultants. As already indicated in the definition of the term, the type of support can be classified by two main dimensions: The first is whether it is external consultants, as is usually the case, or, as has been increasingly the case recently, so-called in-house consultants. The second is whether the support is more concerned with the content of the change or whether it is mainly the *process of change* itself that is managed. According to a study conducted by the German Association for Personnel Management in 2010 (“Deutsche Gesellschaft für Personalführung”), in which 100 personnel managers were surveyed, the professional and substantive deployment of consultants in change

management still predominates: 65% of the consultant deployment includes this aspect, in as many as 52% of the cases (multiple answers were possible) the assignment to the consulting companies mainly or even moderately accompanied the process.¹

Consulting companies that primarily create content concepts can be divided into at least three large groups:

1. *Strategy consultancies*: Their task is essentially to develop new concepts for the entire company or individual functional areas (e.g., marketing, production and logistics) to ensure long-term success. The implementation of the strategies is so far mainly the responsibility of the clients themselves. Since corporate change usually goes hand in hand with a strategic reorientation, strategy consultancies are often involved in change management.
2. *IT consultancies*: The task of this form of consulting today is primarily directed at the redesign or optimization of the process organization and the simultaneous automation of these processes with the help of adapted or newly created software. The implementation phase is usually included. This division also includes consulting and implementation for setting up the necessary hardware infrastructure. IT consultancies often call themselves process consultancies because they optimize processes in the sense of the operational procedures in companies. This should not be confused with the term process consulting, as already used above. Process consulting is rather meant here to support the process of the company's *change*. IT consulting services are often added in the implementation phase of corporate change, since the strategic realignment ultimately leads to changes at the operational process level as well.
3. *Personnel consultancies*: They are the third large group of consulting companies. Their main task is to provide support in recruiting (also known as headhunting), but more and more personnel consultancies are also trying to offer other services—such as outplacement in the context of personnel release or potential assessments. Since change often involves a partial exchange of personnel, personnel consultancies can also be involved in change management, but their contribution has so far been limited to fulfilling the special tasks assigned to them, so they are not involved in projects at a central point.

13.1.2 Trends

There are some trends in the consulting market that are increasingly changing the business field and which you should be aware of as a client:²

¹See Sedlacek (2010, p. 19).

²See also Lünendonk and Streicher (2005), Niewien and Richter (2005), Kolbeck and Mohe (2005), Ennsfellner et al. (2014) and Consultingunternehmen.net (2019).

1. *Domination of larger consulting companies:* Not least due to globalization, consultants must increasingly operate internationally. This has led to a concentration of companies, resulting in the emergence of large consulting groups such as McKinsey, the Boston Consulting Group and AT Kearney.
2. *Implementation orientation:* Strategy consultancies are also increasingly trying to offer implementation services. The reason for this is, on the one hand, the increased pressure for efficiency from clients who want to see actual changes for the budgets sold. On the other hand, consulting firms have also recognized that higher overall budgets can be achieved if the implementation phase is connected. An accompanying trend is the convergence of strategy and IT consulting, which means that conception and implementation in terms of process redesign can be offered from a single source.
3. *Consulting products:* Consulting companies are increasingly trying to standardize their services. This results in offers that can be identified as service products and for which corresponding product names are usually created. This happens mainly for two reasons: Firstly, it is easier to sell a product as a service provider, because this allows concrete benefits to be demonstrated in the acquisition process and the potential client gets a more accurate picture of the type of service offered. Secondly, it counteracts the fact that consulting is by its very nature an individual service, which depends on the professional and social competence of the individual consultant and therefore cannot be increased at will.
4. *Specialization:* Above all, customers expect consulting firms to provide specialist knowledge and industry experience in order to ensure the transfer of know-how to their own companies. As a result, specialization in terms of functional areas or industries is becoming more important. Smaller consulting companies therefore often specialize completely, while larger consulting companies are divided into competence centers.
5. *Longer-term cooperation:* Increasingly, consulting firms are being engaged by one and the same company for different projects over a longer period of time. Although this partly eliminates the advantage of neutrality and the contribution of previously unknown external knowledge, on the other hand, the quality of the service provider can be trusted and requires less set-up costs. These set-up costs include the time needed for the consultant to understand the structures and specific challenges of his client. This time required for a good concept is unproductive for the client in so far as he himself does not learn anything new from it.
6. *Trend toward in-house-consulting:* Large companies are increasingly being offered consulting services by in-house consulting firms. This is intended on the one hand to save the abovementioned set-up costs, and on the other hand to avoid dependencies on consulting firms. In Sect. 13.3.2 the advantages and disadvantages of in-house consulting will be examined in more detail.
7. *Variable success fees:* They are part of a general trend toward a more professional approach to consulting firms. While the beginnings of consulting were still characterized by a certain “naivety” in which consultants were unconditionally believed, there is now an increasing emphasis on quality control, which is established a priori with

incentive systems. In this way, consultants either receive part of their fees only after the completion of defined project milestones, or they actually participate in the monetary success of projects provided that this is measurable (e.g., in the form of realized cost savings or profits from newly founded business units).

13.1.3 Contribution to Success

The involvement of consultants can be driven by different motives, most often some of the following reasons can be found among them:

1. *Introduction of external knowledge:* As shown in Chap. 3, the need for change is often recognized relatively late, when symptoms of crisis are already visible. At the same time, this can mean that up to now the company has not had sufficient solution competence to deal with a changed corporate environment. The contribution of consultants in such a situation is then to bring in the experience they have gained elsewhere, in other companies or even sectors, and to enrich it with specialist knowledge based on close contact with business management research. Ideally, this knowledge and these experiences are not transferred 1:1 to the client company, but are individually adapted by the consultants.
2. *Neutrality:* Corporate change is a critical process which, as has been mentioned several times, often involves considerable resistance. Consultants can take on the role of arbitrators who view the facts from an external, unbiased perspective. Especially for the moderation of participatory forms of change (see Chap. 9) this is a very decisive contribution to success.
3. *Greater persuasiveness:* In some cases, consultants are also hired because it is hoped that their help will increase the chances of implementing a new direction for the company internally. This builds on the old wisdom that “the prophet has no honor in his own country.” If the consultant role is filled out in this way, it can conflict with the requirement of neutrality, if the consultant is merely supposed to sell the management’s preconceived opinion better. Beyond the requirement of neutrality, consultants usually have sound experience in the visual preparation and presentation of project results. This can be useful for all projects within the scope of internal project marketing, regardless of the content.
4. *Professional project management:* As already mentioned in the chapter on project organization, it is advisable to set up project management offices in larger change management projects (see Sect. 12.3.1). Consultants usually have many years of experience in project management, which means that they can use planning and monitoring methods efficiently, but also provide assistance in the social management of teams.
5. *100% commitment:* Project members from your own company often have to struggle with the fact that they have to do their daily work in addition to the project. Consultants,

on the other hand, devote almost their entire working time to the respective project. In addition, they are under particular pressure to succeed and will therefore usually show a correspondingly high level of commitment, since consulting as a personal service lives mainly from customer satisfaction and thus in the acquisition of follow-up orders and recommendation. In this respect, the relatively high expenditure for the consulting engagement in terms of daily rates is often offset by a high level of commitment with corresponding results in return.

13.2 Conditions for Effective Consultation

The success contributions of the use of consultants do not unfold automatically. The prerequisites for the success contributions to be realized are on both the client and the consultant level. In detail, the following circumstances should be critically examined for their existence:

On the client side:

1. *Own openness toward new ideas:* Experienced consultants have had the experience several times in their career that they meet clients who do not really want new advice, but rather react with resistance. A typical form in which this is expressed is the so-called “killer phrases” such as: “Someone here has already tried that unsuccessfully” or “That might work for company X, but with us everything is completely different!” If there is no basic willingness to listen to new proposals without reservation and then discuss them openly, at least a consultation on the content is of little use.
2. *Participatory leadership:* If consulting is primarily used as process consulting, it is the task of the external specialists to moderate the process of problem solving and implementation. This necessarily presupposes the will for genuine participation, as described in Chap. 9, otherwise the consulting assignment has only a cosmetic function and will usually be exposed as such by the employees.
3. *Careful selection of consultants:* Management consultancy is a term typically not protected by national law. Accordingly, it is not subject to any requirements in terms of training and experience. Therefore, one should get a precise picture of consulting companies before hiring them for the first time. Personal references or recommendations can be very helpful here, as can the indication of successful reference projects which were similar in content or type of company. It should also not be overlooked that there is a minimum of cultural fit. A down-to-earth medium-sized company, for example, should not bring “spruced up” top management consultants into the company, as they cause unnecessary resistance from the workforce through prejudice. A good way to check this is to start the cooperation by means of a small pilot project in which both sides get to know each other better at financially advantageous conditions and with manageable risks.

On the consultant side:

1. *Independence from the client:* It is the counterpart of openness on the client side. A consultant is normally always dependent on his client to the extent that the client pays him for his services. However, if the consultant therefore sees his role as merely repeating the client's existing opinion, he will be rewarded by some clients in the short term, but in the long term this will be a disadvantage for both sides, as the necessary change is either omitted or steered in the wrong direction. Furthermore, reasonable clients expect to be confronted with a counter position to their previous opinion in order to at least be able to consider a larger set of decision options.
2. *Social skills:* To prevent confrontation with opposing positions from becoming personal confrontation, good consultants have both professional and social competence. Perhaps the most decisive factor of social competence for consultants is the ability to build trust with a wide variety of people on the client side. If consultants are given a leap of faith by their clients in the company, this does not necessarily apply to other members of the company with whom the consultants meet in the course of a project. Rather, they are often confronted with prejudices, which are all the more pronounced the more hierarchically distant the client's employees are from the client's top management. Consultants are often seen as arrogant, as agents of top management or as harbingers of job cuts. Good consultants are able to adapt socially to their dialogue partners. This includes above all communication skills. For example, one must be able to talk to a clerk as well as a board member. The choice of words, the arguments, and the content of the small talk at the beginning of a conversation will be different in each case. This is particularly essential for implementation-related consulting and process consulting, since on the one hand, one needs the support of the middle management and the operative levels for the implementation and, on the other hand, in the case of process consulting, one must promote their participative involvement.
3. *Individualized services:* Although there is a trend toward consultancy products (see Sect. 13.1.2), which also brings the advantages described above for the client, consulting should always take into account the individual characteristics of the company concerned. Consulting products are therefore only suitable as long as they are correspondingly scalable, that is, provide a method as a framework for deriving concepts, but not necessarily the exact content of these concepts. Good examples of such open-content methods, which usually require the support of consultants, are the popular Balanced Scorecard in strategy controlling³ or the increasingly widespread Blue Ocean Strategy for the creation of new market and product strategies.⁴ Transferring content solutions 1:1 from one client to another makes little sense, because the concrete circumstances often vary greatly.

³See Kaplan and Norton (1996).

⁴See Chan Kim and Mauborgne (2005).

13.3 Selected Methods

From the manifold forms of the consultation two are picked out here which play a special role in the context of change management. Process consulting supports the process of change itself. As in Chap. 4 has already been mentioned, corporate change often fails less because of the right ideas than because their implementation fails. Therefore, it naturally has a strong meaning for this book. In-house consulting is, as explained in Sect. 13.1.2, in line with the trend and also focuses more on the actual project management than on the content. From therefore also this form of the consultation is to be lit up in the following closer.

13.3.1 Process Consulting

Process consulting is the actual change management consulting. One can distinguish between two forms here:

1. Process consulting as content-neutral process control
2. Process consulting as integral process support.

To (1) *Process consulting as content-neutral process control*⁵

Here, the process consultant controls the process of change or even acts as a method teacher in the sense of a train-the-trainer approach. His role corresponds to that of the facilitator as described in Sect. 9.3.1. Accordingly, he is neutral in terms of content. It is the task of the process consultant to ensure that a content concept is developed as effectively as possible and that it is implemented efficiently in the organization. His contributions to the project therefore consist of

- the moderation of workshops with professional methods;
- the implementation of training courses for team or project leaders regarding the topics of moderation, project management, conflict management or group leadership
- support in project organization and project planning;
- the collection and processing of information;
- the preparation and follow-up of project meetings (such as setting the agenda or writing the minutes);
- support in the preparation of presentation materials.

In this form of consulting, the content is consistently contributed by the customer, whereby a content consultant can also be involved.

⁵See Kirsch (1997, p. 248 ff.).

The advantages of this type of process consulting are above all that the model of participation (see Chap. 9) is followed. The content concepts developed by the customer themselves are probably met with less resistance at the implementing levels than if they were based exclusively on ideas from external strategy consultants. In addition, the individuality of the concept in relation to the respective company is simultaneously preserved by the customer's sovereignty with regard to content. A disadvantage may be that the conception phase itself takes up more time than if it was carried out exclusively by a content consultant. However, due to the greater commitment of the executing levels, this loss of time should at least be made up for in the implementation phase.

To (2) *Process consulting as integral process support*

However, process consulting can also mean that a consultant provides input in terms of content or process, as required. However, this does not happen alongside or above the actual process of change, but rather from its center. The following example should illustrate this.

The well-known organizational sociologist and management consultant Edgar H. Schein was once engaged by Digital Equipment through the then CEO Ken Olson as a consultant in a larger project of corporate change. Schein himself says about his experiences at that time:

When Olson hired me as a consultant, he delegated power to me in a way that is rarely the case. He said to me: 'Don't come and try to give us selected group dynamics. Do not prepare a presentation. Come and see us when we are at work and see if you can help us.' From this sentence and the following work I developed my concept of process consulting. At its core, it is about providing support in concrete—and different—situations, instead of trying to force an organization into the scheme of a 'perfect company'.⁶

The approach of process consulting as consulting integrated into the process of change undoubtedly offers the advantage of a stronger integration of the consultant. On the one hand, this ensures that the consultant is not perceived as a foreign body in project teams, but ideally as an integral, fertilizing component. This should also lead to greater acceptance at project and middle management level without losing credibility with top management. On the other hand, this form of integration also means that the consultant is less cut off from communication flows and less dependent on the willingness of company employees to provide information. He is confronted directly and unfiltered with the status quo, which should be of great benefit in the development of implementation-relevant concepts.

⁶Schein (2009, p. 30 f.).

13.3.2 In-House Consulting

In-house consulting services are either separate departments in the sense of staff departments or in some cases legally independent consulting services within a group. Internal consultants usually have a “stable smell” and are made up of junior staff trained in the company (e.g., former trainees) or experienced managers and specialists. Experience has shown that senior consultants from external consultancies are only occasionally engaged to purchase specific consulting know-how. In terms of content, in-house consulting is often geared toward project management, the contribution then lies in supporting project managers in the sense of a project management office (see Sect. 12.3.1) and less in the input of content. The latter, however, is not excluded and is also found in practice.

Should one engage an in-house consultancy instead of an external consultancy? If this question arises at all, because only larger companies have such in-house consulting departments, some advantages and disadvantages have to be weighed up, which were largely confirmed in a study by the European Business School among in-house consultants and their clients.⁷

Advantages:

1. *Specific corporate knowledge:* In-house consultants, the company is well known through its own previous activities or through the support of a large number of projects. This wealth of knowledge and experience covers the formal company organization, the informal power and influence structures, the corporate culture, the corporate philosophy, the product range, the markets and the corporate environment.
2. *Identity of values:* Precisely because internal consultants have been socialized in the same corporate culture, they have identical values. This facilitates general understanding with clients, because they use a similar language and have basically the same world views with regard to the company, its competitors, customers, etc. This ensures less friction between consultant and client. “Killer phrases” as an expression of fundamental resistance, as described in Sect. 13.2 are less likely to be presented to the in-house counsel.
3. *Higher acceptance at executive levels:* As explained above, external consultants are often subject to prejudice, perceived as arrogant, aloof or as agents of top management. In a certain sense, in-house consultants are more likely to be colleagues and are also hierarchically comparable with lower and middle management levels. This facilitates acceptance at these hierarchical levels, which are of great importance for smooth implementation.
4. *Lower costs:* Not least economic considerations have promoted in-house consulting. In view of the high or very high daily rates charged by well-known external consulting

⁷See Galal et al. (2010).

firms, it is often better to provide support via in-house specialists, especially in the process management of a project where numerous man-days are involved. However, a company must be of such a size that an internal consulting firm is permanently working to capacity. If consultants are only needed selectively, external support is cheaper overall.

5. *Avoiding knowledge drain and building up experience:* The fear that knowledge acquired by external consultants about the commissioning company or the concepts developed could be passed on to competitors in follow-up consulting mandates can also motivate the use of internal consultants. At the same time, in-house consultants acquire a comprehensive view of the company, which qualifies them as future managers in the line.

Cons:

1. *“Operational blindness.”* The advantage of coming from the client company itself mutates into a disadvantage if the neutral view of existing problems is clouded by the shared values. The more projects are concerned that serve to overcome a crisis, the less it is advisable at least to use internal consultants for the content.
2. *Lack of external input:* This point also opposes the use of in-house consultants as content consultants. Since members of in-house consultancies have only limited experience with other companies in the sector or even with companies from outside the sector, they tend to be less able to provide new input. In this case, new input not only comes from the modified imitation of the strategies of others, but the breadth of experience also promotes the creativity that arises from the combination of different elements of knowledge and experience.
3. *Lack of acceptance by top management:* If in-house consultants are usually trusted more by lower and middle management, this may be the opposite with regard to top management. No wonder, since in-house consultants belong to the company’s own staff and are less perceived as equal-ranking discussion partners. So if you want to achieve changes at top management level, it is better to use well-known external consultants.

The disadvantages mentioned above can possibly be compensated for by a combined use of internal and external consultants. The above-mentioned study by the European Business School found that 39% of projects are outsourced to internal consultants and about one third of internal consultants regularly work with external consultants. The ratio is considered to be predominantly cooperative.⁸ In accordance with the distribution of advantages and disadvantages, the role of process controller or project management specialist is seldom suitable for in-house consulting; the role of content consultant is assigned to external parties.

⁸See Galal et al. (2010, p. 19 ff.).

13.4 Practice Check

Consultation, and thus the use of consultants, is not a success factor that must necessarily be applied. Therefore, one should first check whether, in what form and to what extent the use of consultants is sensible. However, if one or more of the following circumstances apply, the use of consulting should be seriously considered:

- *Existing crisis:* If a company is already in the crisis that caused the desired change, it is important to consider including both content and process consulting. The fact that a company is in crisis means that it was not able to change sufficiently or to the right extent on its own. As obvious as this circumstance may be, the whole thing is problematic in practice, because consulting services initially swallow up liquidity, and in the medium term also profitability. In the interests of overcoming the crisis in the long term, however, consultants should be deployed wherever possible. Since the use of the service in this case is not a “luxury”, but a sheer necessity, the selection of the consultants must be made very carefully. Their consulting experience, successful reference projects as well as the cultural fit to their own company should be taken into account.
- *Expected resistors:* If strong resistance is to be expected—due to severe cuts in personnel, organization or other resources or because the culture of the company is to be changed massively—the use of process consulting is a good option. In this case, the success factors “participation” and “communication” will be of great importance in order to obtain support and to communicate critical messages sensitively by involving a wide range of business circles. Successful participation and communication, however, generally requires the support of experts if it is to succeed (see also Chap. 9).
- *Little experience:* If a company has little experience in larger-scale change projects and/or if the people at the top of the projects also have little experience in project management, external support (also in the form of experienced in-house consultants) should also be sought, at least in the project organization and planning, in order to provide sufficient orientation.
- *No new ideas:* If a change in content is required and previous internal measures have not produced any new and convincing concepts, support through strategy consulting is a good option. These can prevent “boiling in one’s own juice”. It is often not so essential that the concept developed by the consultants is implemented word for word. The general impulse to think in other, unfamiliar directions and to be confronted with the right questions is often enough here.

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Evolution as a Success Factor: Initiating Permanent Change

14

Evolution refers to change in small steps. By permanently adapting to changing environmental conditions, crises should be avoided or the loss of productivity that accompanies any change should be contained. Decisive for the ability to change in small steps is the establishment of an organization's ability to learn and change. In doing so, it is possible to learn from the mechanisms of natural evolution by analogy. Innovation, diversity, and decentralization, for example, are principles derived from this, which form a company into a learning organization. However, it is not only important to formally establish these principles, but also to create a culture of trial and error, openness to new ideas, cooperation, and fault tolerance.

14.1 Concept and Contribution to Success

14.1.1 Concept

Here, evolution is to be understood as all measures that are based on a permanent learning process of the company, which enables a permanent adaptation to changed environmental conditions. Thus the success factor ties in with what is increasingly referred to in the literature as the *learning organization*. Organizations and thus also companies can learn in two ways:

- *Through the sum of individual learning steps:* This form of learning follows the classic stimulus-response approach.¹ Individual knowledge and individual preferences of decision-makers in companies lead, often in coordination with other decision-makers, to

¹See March and Olson (1979, p. 13).

certain actions of the company, such as strategies, concrete measures etc. The company receives a response to these actions from its environment, especially the markets in which it operates. If this response is positive (success), the individual decision-makers store a law of the form “success results from measure A”. The behavior shown is not further questioned in the group and the corresponding measure continues to be implemented. In the case of failure, the individuals will analyze the situation and, if necessary, arrive at new proposals for measures, which will then lead to a changed approach in decision-making bodies. In this form of organizational learning, the sum of the individual learning progress of the decision-makers is therefore important.

- As an *emergent system*: In the second form of organizational learning, learning progress takes place at a level higher than the individual.² Enterprises are understood here as emergent systems, that is, they represent more than the sum of their individual parts or apply them to the concrete case: Enterprises have independent knowledge or can learn independently. However, their knowledge then does not only consist of the individual knowledge components of the members of the company. Rather, it now exists in forms that result from the interaction of individuals and are therefore independent of the individual. These are so-called organization-specific theories of action and interpretation patterns. These are anchored in the corporate culture and express themselves in patterns of action and thinking typical of the company. For example, companies can differ in how a crisis situation is interpreted. Do we attribute the cause of the problem to a “hostile” market environment (aggressive competitors or stingy customers), sheer and unchangeable bad luck (such as an economic crisis) or our own failures (such as a failure to adjust strategy)? These basic attitudes, which as a consequence lead to different actions of companies (e.g., the call for state subsidies vs. an offensive change), are anchored in the values of the company’s employees and are passed on to new members of an organization through company socialization processes. Corporate culture proves to be as stable as, say, a national culture. For example, Europeans do not turn into Japanese “at the push of a button” any more than a very bureaucratic culture of former authorities can be transformed into a market and customer-oriented environment in a short time. The company’s employees themselves are rarely aware that their actions are guided by such values. Just as people don’t think about why in the western culture they give each other the right hand to salute each other, companies react to situations perceived as similar by attributing similar causes and taking similar measures without being aware of it. A vivid example of an emergent form of knowledge is all kinds of bureaucratic rules that we find not only in public authorities but to a large extent especially in large companies. Such rules usually arise from the fact that a particular, concrete problem was solved by a general rule. In the following, this rule will be complied with, without further reflection on its meaning. If the situation changes, it may be that the rule is no longer necessary, and may even have a counterproductive effect. Rarely, however, will

²See Staehle (1999, p. 914), Steinmann and Schreyögg (2002, p. 464 ff.) and Pieler (2003, p. 26).

it be questioned and abolished or modified, so that the danger of over-bureaucratization looms. However, this does not only concern bureaucratic rules, but also cultural customs, such as the mentioned right hand reaching out in greeting, which was originally meant to signal that one is unarmed and is rather counterproductive in times of a pandemic.

From the second form of organizational learning, that as an emergent phenomenon, it is evident that cultural regulation is accompanied by opportunities and risks for the learning organization. The opportunity lies in the uniform and thus efficient action of an organization. It does not require too much coordination or explicit controls to act in a coordinated manner as an organization or team. On the other hand, “encrustation” threatens if the organization-specific patterns of action and interpretation no longer fit in with a changed corporate environment. Organizational learning attempts to start here and to show how companies as a whole can become more capable of learning and thus more adaptable.

As Fig. 14.1 shows, this organizational learning can take place on three levels:³

1. *Single-loop learning*: It refers to an operative adjustment as a result of an identified target-performance deviation. Operational means that action is taken within the existing strategies and values, but only more efficiently than before. For example, if a company still assumes that the cause of failure is too high costs, this form of learning looks for even more efficient ways to get the (supposed) cost problem under control.
2. *Double-loop learning*: At the next learning level, a change in the basic course of action takes place, mostly because it is recognized that even increased efforts on the previous path do not lead to success. In the above example, success might fail to materialize despite further cost-cutting measures and it is decided to modify the product offered in order to increase sales and/or profit margins.
3. *Deutero learning*: The aim of this third level is to generally improve the learning ability and thus also the adaptability of the company. So you learn to learn. In the example, this could mean, for example, trying to introduce measures that make it possible to adapt the general strategy more quickly and not to stick to an unsuitable strategy for too long.

Organizational learning concerns above all this third level of learning, in which the general learning ability of enterprises is improved. It will be presented here as *evolution* because this is a permanent adaptation to a changing business environment, just as species in nature adapt to their environment step by step.

³See Agyris and Schön (1996).

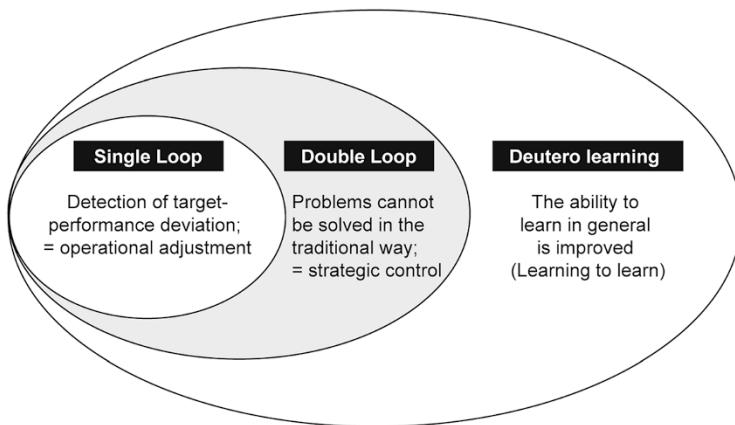


Fig. 14.1 Three levels of organizational learning

14.1.2 Contribution to Success

Evolution differs from previous success factors in that it is more of a prerequisite for change in the company itself. This means that it is not a matter of aligning the process in a specific way when implementing a concrete change management project, as is the case with the success factors communication or participation. Rather, evolution describes a combination of internal organizational conditions that acts as a fertile breeding ground for change. The concrete project of corporate change is thus facilitated or possibly not even necessary. The resulting contribution to success can be described by the following points:

1. *Avoiding the emergence of crises:* If it is possible to establish an organization that reacts to a changed environment with a timely and adequate change of its own structures, many crises can be avoided from the outset. Exactly the mechanisms that prevent the triggering of change and which have been described in Chap. 3, are less effective here and crises should at least not take on dramatic proportions.
2. *Reduction of productivity losses in the context of change:* As already explained in Sect. 4.4.1 (see also Fig. 4.6), change initially leads to a productivity dip, which only after some time leads to an increased basic level of productivity.

In Fig. 14.2 this circumstance is taken up, but extended by the model of continuous learning in small steps (dotted line). Also in this case it can be assumed that productivity dents result after each adjustment. However, since the adjustments are gradual, they are usually small. Taken as a whole, this results in an almost linear progression of increasing productivity growth.

3. *Avoidance of lagging:* Corporate change is usually a major project that takes a long time to unfold its effects. Time spans are therefore measured in years rather than months. In a

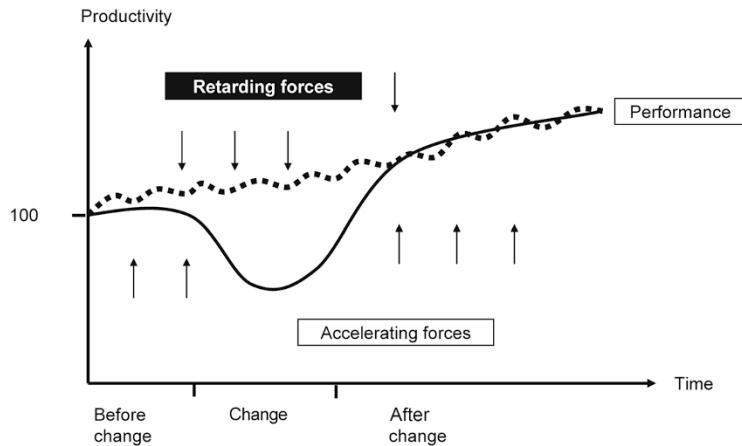


Fig. 14.2 Avoiding productivity dips through organizational learning

corporate environment characterized by increasing dynamism (see Chap. 2), there is a risk that the environment will overtake you again in the course of the process of implementing change. As a consequence, you are faced with a transformed company which, in turn, no longer matches the current situation in the factor and sales markets. Permanent change in small steps wants to avoid this lagging behind by consistently changing step by step with the company environment.

14.2 Conditions for Effective Evolution

As is well known, the concept of evolution originates from biology and is closely linked to the work of Charles Darwin. The following quotation, which is groundbreaking for the purposes here, is also attributed to him:

It is not the strongest species that survives, nor the most intelligent. It is the most adaptable to change.

The basic consideration of natural species expressed therein is in line with the above philosophy of organizational learning as a prerequisite for sustainable business success in an increasingly dynamic environment. Therefore, it makes sense to look for prerequisites for the establishment of effective evolution also in the knowledge of nature and natural sciences. Since no 1:1 transfer is possible, this must be done in a more differentiated manner in the following.

14.2.1 Learning from Nature

A comparison between “natural selection” in ecosystems and the selective action of the market mechanism is almost inevitable. However, closer inspection has repeatedly revealed that this comparison is more than misleading.⁴ Thus, although a discipline called *evolutionary economics* established,⁵ however, the possibility of drawing direct analogies from nature to the operation of markets is generally denied by their representatives, or considered to be of little use.⁶ This view is to be contradicted here, at least in part, as there are good reasons to believe that markets are increasingly adapting to nature again. If this is the case, however, those responsible for the economic units forming these markets, that is, the managers of companies, can certainly learn from nature. These learning processes should be based on the question of why some species are apparently “success models” in nature, while others are extinct or threatened with extinction. This is not intended as an evaluation of these species, but rather as a search for general conditions that indicate how individual units (whether animal or company) can hold their own in the long term in a dynamic competitive environment. In the following, nature is thus not intended to serve as an “ideological religious approach”, but rather as a possible teacher for the practice of business management.

Similarities and differences of market and nature

In what way are natural ecosystems and markets similar, why do they differ and why, according to the thesis presented here, are these differences currently decreasing? Figure 14.3 provides a comparative overview of the components of the systems nature and market, in which the laws of evolution apply in a certain form.

The starting points are the elements that constitute them, the so-called species. In nature these are the representatives of the fauna (animals) or flora (plants). In markets there are mainly two *types of operators*, companies and private households. Since this is about change management as a subfield of corporate management, the further course of the considerations will concentrate on companies. One might now be inclined, in analogy to natural ecosystems, to equate companies with individual living beings and industries with individual species to which these living beings belong. This seemingly obvious conclusion, however, falls somewhat short. Companies can belong to several industries, that is, offer products or services in different ways, just think of the large conglomerates. A company—in the case of a conglomerate—can also be made up of several companies and form a larger organizational unit. In this case, an analogy to the pack or other forms of organization in the animal and plant kingdom—such as the ant colony—could be constructed. The most relevant difference in this respect, however, is that individuals of one genus probably

⁴See e.g., Herrmann-Pillath (2002, p. 203 ff.).

⁵See Herrmann-Pillath (2002), Witt (1987), Nelson and Winter (1982).

⁶See Witt (1987, p. 83 ff.).

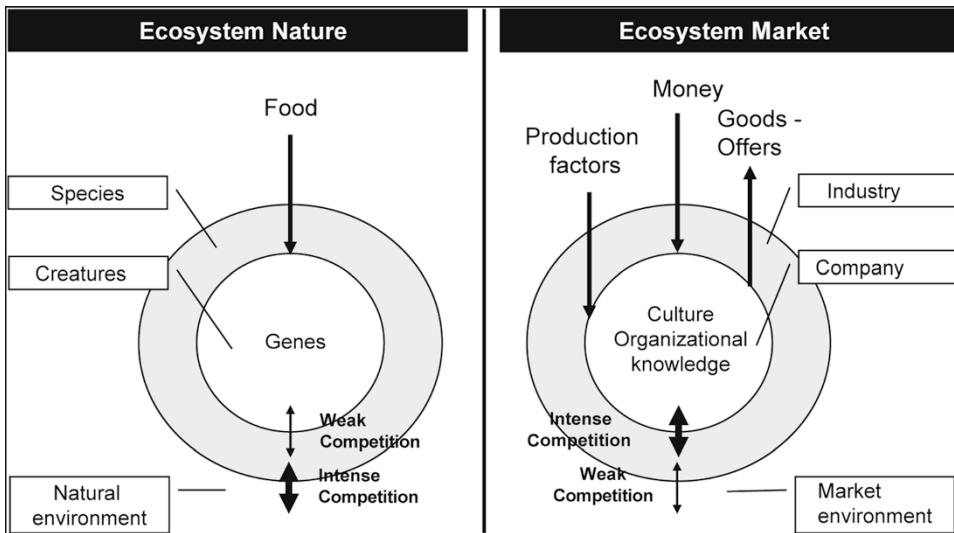


Fig. 14.3 Nature and market in structural comparison

resemble each other on average much more in appearance and behavior than is the case with companies in one sector. This is due to the *fact of a different way of competition*: here primarily between genera (nature) and there (market) between components of a genus, that is, companies of an industry.

Another difference is the *relationship between individual and environment*. The environment in the market and the ecosystem is initially similar in that the relevant components are resources and (direct) competitors. These competitors can be of one's own species or of other species. Deviations between the two systems arise, however, because companies require resources in two respects, firstly in the form of production factors and secondly in the form of monetary means which they obtain as a counter value to their services on the sales market. The elements of natural ecosystems, on the other hand, only require resources for "service provision" in the form of food etc.; sales markets do not exist. Companies in the "ecosystem market" are therefore characterized by a *dual environmental dependency*.

With the *degree of intentionality of action* one reaches the point that has been used by skeptics of analogy as the main argument why learning successes from the consideration of natural evolution are hardly to be deduced for markets. Consequently, both people and the organizational units they form, for example, companies, act intentionally, whereas the "behavior" of most members of natural ecosystems is non-intentional, that is, genetically determined in the form of innate behaviors and instincts.⁷ This is not intended to be a popular attempt to prove that large parts of human behavior are ultimately hereditary or drive-driven in some way. Rather, there are increasingly good reasons for the assumption

⁷ See Lauer (1996, p. 27 ff.).

that the behavior of people, managers and thus also companies is intentional, but that this intentionality is not always successful in its effects. The abundance of literature on the subject of planning or strategic planning, which proclaims the decline of this discipline, should be mentioned in support of this thesis.⁸ These writings claim that the business environment has become too complex and dynamic for concrete strategies conceived today to be successful tomorrow. The main factors causing this are accelerating technological change, inhomogeneous and ever-changing consumer preferences, and an increase in natural disasters or political instability. Forecasts fail, unforeseen events occur—one may only remember September 11—and strategies thus tend to become an ex post justification when—by chance?—Success has occurred. Intentionality thus seems to be present in advance, but hardly relevant to success or failure afterward.

The apparent differences between intentionality and non-intentionality in humans and animals become even more blurred when one critically considers that the behavior of companies is not necessarily based on the intentionality of individuals or decision-making bodies. On the contrary, for more than a decade now, business management research has recognized the importance of corporate culture⁹ and organizational knowledge¹⁰ as subtle drivers of human behavior in companies, as already described in Sect. 14.1.1. The debate on corporate culture, which arose in the early 1990s against the background of the success of Japanese companies, has revealed that successful companies often have disproportionately strong cultures that have a lasting impact on the behavior of their members. This influence affects the increase in work ethics at employee level as well as the way in which companies act in the market, for example, whether they concentrate on their own strengths or consistently imitate their competitors. Such corporate cultures themselves arise evolutionarily from the experiences of the company's history. Successful behavior is thus maintained and passed on to everyone, including the new members of the company, through often subtle and unconscious "educational mechanisms". In this way, the culture represents a kind of grown knowledge of how to operate successfully in the market. As already explained in Sect. 14.1.1, this collectively shared knowledge, mostly stored in the form of rules of conduct, is called organizational knowledge. The US economists Nelson and Winter¹¹ have already pointed out in the early 1980s that this organizational knowledge is by all means parallel to the genetic make-up of natural creatures and that those involved are often no longer even aware of it.

From what has been said so far, it can therefore be concluded that intentionality in entrepreneurial action *ex ante*, that is, before an action is taken, as well as *ex post*, in relation to the actual achievement of a desired result, is only given to a very limited extent,

⁸See also Hinterhuber et al. (2000), Mintzberg (1995).

⁹See for example Neuberger and Kompa (1993).

¹⁰See for example Wieselhuber and Partners (1997).

¹¹See Nelson and Winter (1982).

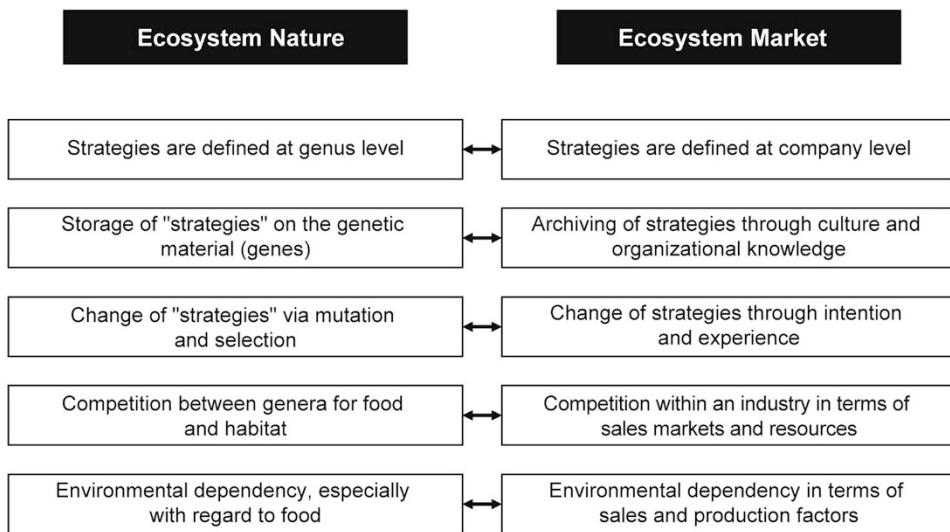


Fig. 14.4 Similarities and differences between ecosystems and markets

since action is often “unconscious” or conscious action leads only by chance to success or failure due to the complexity of the business environment.

Figure 14.4 now summarizes again the similarities and differences between natural ecosystems and markets.

As can be seen, despite a certain “alignment” in terms of non-intentionality between the two systems, nature and market, there are still differences which are too significant to draw direct analogies. A particular problem is the definition of the “strategy”, which is carried out at the genus level among the members of natural ecosystems and is only rarely subject to minor changes (mutations), whereas at the market level this strategy is essentially determined by the company level, even if these strategies are, as seen, by all means “inherited”. However, it was also evident from the above that companies are increasingly confronted with a situation that overburdens them strategically to such an extent that it is hardly considered possible to successfully generate concrete strategies intentionally. Therefore, the conclusion is obvious that on a more general level it is possible to learn from natural ecosystems. If coping with complexity and change is seen as the most important challenge for the successful future design of companies, and if this seems hardly possible intentionally and directly, then it might be worthwhile to look at nature to see which “strategies” successful species, those that preserve their species, have used and which “mistakes” the strategies of extinct or endangered species have made. Managers can now exploit their advantage of intentionality over nature to the extent that it seems possible to consciously implement these success strategies in their own company by analogy. However, as will be shown, strategies of this kind will no longer provide concrete information about whether a certain market is to be developed, with what equipment and at what price a

product is to be introduced or whether personnel is more likely to be acquired abroad. Rather, they will be very general recommendations on how companies should present themselves internally and, above all, in relation to the outside world. *Structure and organize* in order to learn efficiently. This thought can be summarized to the following thesis:

From the observation of successful and less successful species in natural ecosystems a model-like learning becomes possible for companies.

The generally resulting question is thus: How can partly intentional organizational units survive successfully in a complex environment?

Success and failure strategies in nature

It goes without saying that the size and diversity of nature opens up an enormously broad field of research, the processing of which will certainly reveal a number of surprising findings in the future. The following remarks can therefore only be initial considerations, but they are intended to demonstrate the viability of such a way of thinking.

From the multitude of genera, a restriction to the animal world is to take place here. Two examples of success and three examples of failure will be selected from this animal world, namely those that should be familiar to all readers. What defines success here? Those genera are regarded as successful which apparently have no reproductive problems whatsoever, but which, despite possible countermeasures, persist or spread so persistently that we humans regard some of them as a plague. Therefore, the rat and the virus (strictly speaking no animal) are considered here. Failure, on the other hand, is defined by the fact that genera are extinct or threatened with extinction. Suitable examples here are the dinosaurs (which of course form an upper genus), the great panda and the wolf.

The approach to these examples is such that first of all the causes for success or failure are asked. In a further step, an attempt is then made to extract a general strategy from this. Finally, this strategy can be used to ask about its validity in the evolutionary system market. Real examples from the world of business should provide further information.

Figure 14.5 summarizes the results of these considerations. According to this, the rat uses three strategies to survive successfully. First, it has a relatively high reproduction rate. Rats give birth to 9–12 young animals about eight times per year. With a lifespan of 3–4 years, a rat can provide for about 300 offspring, the number of direct descendants is growing rapidly into immeasurable proportions and, if all the animals were to survive, would amount to about 45,000 grandchildren. Deaths, for example due to epidemics or changes in the living environment, have little effect on the survival of the species. The second strategy of the rat is to eat. Rats are omnivores. Although their diet consists mainly of grains, the animals can basically eat almost anything that provides energy. This in turn makes the rat relatively independent of its environment and makes it easy to compensate for scarcity situations in certain food supplies with alternatives. As a “strategy”, the rat has another advantage: it is relatively small. It can therefore hide from possible enemies such as humans or cats, even if it is physically inferior.

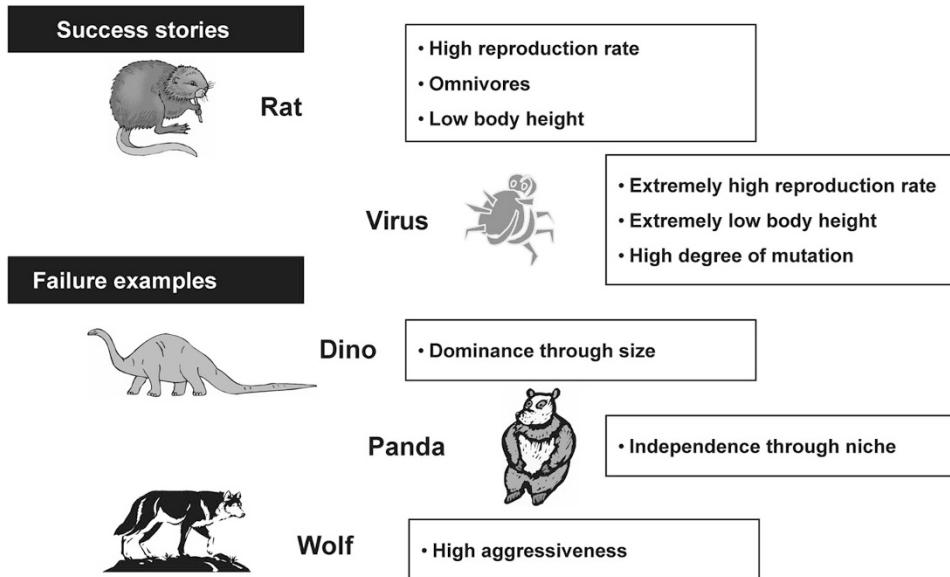


Fig. 14.5 Examples of success and failure from nature

Next, viruses will be considered. Strictly speaking, viruses are not independent living beings at all, but parasites dependent on their host cell without their own metabolism, but with their own genetic material. Viruses only survive as long as they colonize a host and the host itself does not die from the virus. Nevertheless, the super genus of the viruses has proven to be extremely viable. One reason for this is, as with the rat, the high reproduction rate of viruses and also the fact that they are small, even microscopic. In addition, viruses occur in large quantities, which is ultimately a strategy of the rats. What is special about viruses, however, is certainly their strategy of producing numerous mutations in short periods of time, which cannot only be explained by the quantity of their occurrence and the high reproduction rate. As a result, even in hostile environments, for example when using effective drugs, they are able to form populations that can cope with the now changed environment.

What can be learned from both examples for companies? From what has been said it can be deduced in a first approximation that the following circumstances can apparently apply to a successful strategy pattern in dynamic and complex environmental situations that make it difficult to devise a concrete successful strategy:

- Independence from special resources
- A high reproduction rate
- Many small units that appear in large numbers
- A high degree of creation of new

What does this mean for the object of evolutionary corporate management? Independence from resources is given when a company is neither dependent on very specific raw materials or very specific personnel, nor serves only a narrowly defined segment on the customer side. Independence in itself is not yet an adaptation, but it creates freedom to adapt. A high reproduction rate could in turn be translated into the permanent creation of numerous new companies or a very high level of innovation. A viable company also consists of many small units and is able to adapt constantly to new circumstances in its environment. It is therefore not only innovative in the technological sense.

If you look at particularly successful companies, that is, those that can obviously demonstrate these successes even under changed conditions, these strategy patterns can certainly be found again, even if not always all at the same time—which, as seen, also applies to nature. A company with a high reproduction rate that consists of many small units is McDonalds, for example, with its legions of legally independent franchises. McDonalds also appears to be very independent on the resource side. The staff does not require too many qualifications, the materials are produced in almost all regions of the world and, above all, the customers are found in all age groups, social classes and nationalities. Under these conditions, the worldwide triumphal procession is not surprising. However, the BSE (Bovine spongiform encephalopathy) scandal and an observed health wave have shown certain dependencies in terms of resources. However, BSE was successfully averted with temporary offers of meatballs made from poultry and pork, the health wave was countered with salad offers and a quality wave in the coffee sector, triggered by Starbucks, was successfully integrated into the concept with the introduction of McCafé. The ability to change quickly as a condition of survival is evident here.

IKEA is a similarly good example as McDonalds. Here, too, we find a fairly high degree of reproduction, a variety of materials (by no means just the original pine wood), and for the most part not overly qualified staff and, above all, again customers from all social classes, now many age groups and many nations. IKEA proves its versatility every day, whether it is the expansion of the business in the direction of accessories, which now account for about half of the turnover, or in the direction of experience shopping with gastronomy, child care, etc. For example, neither critical reports about child labor at suppliers nor the collapse of the Eastern Bloc as the main supplier of cheap furniture were able to do anything to change the success story, as the company reacted by monitoring ethical standards at suppliers or finding substitute suppliers in other parts of the world because of the low specificity of the requirements.

With regard to “change artists”, there are also two well-known examples in the software industry, Microsoft and SAP. For many years now, both companies have known how to immediately integrate every technological or application trend into their system world. Starting with graphical user interfaces, through client-server technology, to intranet and Internet. If necessary, competitors are integrated, such as Lotus with their intranet application Notes at Microsoft. In the case of acquisitions, the size helps, but as can be seen in the following examples of failure, it can also be a disadvantage. Accordingly, Microsoft’s recent development also shows that there are limits to this strategy. Missing the trend

toward mobile devices has undermined the quasi-monopoly in operating systems by the competition from Google and Apple. It remains to be seen whether the purchase of Nokia's mobile phone division, which has itself been shaken by the crisis, will help here in the long term.

Here are the "problem cases" from the animal kingdom. Perhaps Microsoft itself as a corporation was already too much focused on *dinosaur-strategy* and thus dominance is programmed. Even the dinosaur could dominate our planet for many millions of years, but not permanently. Its "wrong strategy" was that it was too big and at the same time possessed too high a specific environmental dependency. The latest research assumes that the genus of the dinosaurs fell victim to a cooling of the earth's climate triggered by meteorite impacts or volcanic eruptions. Dinosaurs were reptiles and therefore not able to generate the necessary body temperature themselves, which made them dependent on the outside temperature of their environment. If dinosaurs had been small in the course of the change in the global climate, such as rats, this might have enabled the animals to seek shelter from the cold for themselves or their egg brood, or to find niches with a more suitable microclimate. Both were denied to the giants of prehistoric times.

In the markets, this phenomenon is found in large corporations, which are no longer able to react adequately to changes in the environment due to their excessive bureaucracy and stalemates between conflicting interest groups. German railway giant Deutsche Bahn certainly offers a particularly vivid example of how bureaucracy—herited from the days of the authorities—and the participation of numerous interest groups such as politicians, trade unions and passenger associations can also hinder development.

However, the example of the big panda bear teaches us that not only the "dinosaurs", but also the niche suppliers are endangered in the long run. The big panda bear is endangered by an extremely high degree of resource dependency, as it almost exclusively consumes bamboo as food (approx. 35 kg/day) and this plant itself is threatened with extinction. A vivid example of the problems involved in overcoming this challenge is provided by Loewe, the television manufacturer mentioned in the previous Sect. 3.1. While the company was able to profitably occupy the niche for high-quality designer TV sets for years with its design concept despite costly production in Germany, the company failed to recognize that the technological trend, especially in more expensive sets, quickly led from picture tubes to flat screens. The demand for the niche served had changed. Loewe initially adhered to the concept of the picture tube and only began to make corrections after considerable losses. The company's insolvency in 2013 proves that this reaction came too late.

It can be seen that the popular thesis of the management theorist Porter, companies can either rely on size and thus cost leadership or a niche strategy to be successful,¹² from an evolutionary point of view must be doubted at least over a longer period of time. Thus, a

¹²See Porter (1997, p. 73).

niche strategy is only profitable in the long term if the niche supplier is able to react quickly to changes in the niche.

The example of the wolf brings us completely different insights. The problem of the wolf, extinct in Central Europe, is its visible danger for its main enemy, man. This fact, along with the cultivation of the landscape, once led to its extinction in our latitudes. For markets one can learn from this that it is dangerous under certain circumstances to “show your teeth” too much to an overpowering competitor. The software manufacturer Baan, once a self-declared challenger to SAP, was on the verge of bankruptcy and could only be saved by a takeover by Invensys. This may serve as a warning example for this strategy variant. Game theory, a discipline derived from economics that deals with the behavior of competing opponents, also shows that companies, provided they act rationally, use their resources primarily to fight the *most powerful* competitors. The weaker one may have better chances of survival than the second strongest.¹³

How companies become more viable

Summing up what nature has taught us, companies in dynamic markets should basically organize themselves as follows:

1. Companies should always be able to change permanently.
2. Companies should become more resistant to “wounds”, for example by consisting of many independent units or by constantly adding new units.
3. Companies should have a high degree of independence from their environment by being able to replace resources and customers with others at any time, that is, they should not be dependent on specific conditions either on the procurement side (personnel and materials) or on the sales side.

These behaviors are general structural patterns and not concrete strategies. As in nature, they are ideally anchored in the “genetic make-up” of companies, that is, the corporate culture and organizational knowledge, so that they become general behaviors that are lived by the entire organization.

14.2.2 Conclusions for Enterprise Design

If one asks for concrete conclusions or design approaches for increasing the learning and adaptability of enterprises which help to realize the design principles mentioned in the previous section, the following points can be made from the first two aspects:

¹³Dixit and Nalebuff (1997, p. 320 f.) illustrate this clearly with an example.

1. *The creation of an adhocracy culture:* This is understood to be a corporate culture that primarily promotes the creation of something new.¹⁴ Typical characteristics of such a culture are
 - *Risk orientation:* The company aggressively tries out new things, even if success is not guaranteed a priori.
 - *Fault tolerance:* Individuals can also try out new things without the risk of having to pay personally for failure. Rather, the attempt is made to deal with mistakes openly and to find causes and remedies in dialogue.
 - *Willingness to cooperate:* The members of the organization are driven by the idea of cooperation. This does not mean that everything is done as a team, but it does mean that you support others without direct personal benefit.
 - *Open information:* The willingness to cooperate includes, to a very special extent, the willingness to pass on information to others in the company so that knowledge can be used effectively where it is needed.
2. *Decentralization and autonomy:* These two aspects provide great flexibility of response. Decentralization means granting powers of action to the levels that are directly confronted with a problem or a new situation. This allows for very rapid adaptation in many small steps. There is, however, the danger that in a decentralized organization autonomously acting individual interests are pursued to the detriment of the overall organizational goals, but this is contained if an adhocracy culture is present at the same time. Decentralization can also go so far that units are managed as separate, legally independent business units. This not only distributes entrepreneurial responsibility on broad shoulders and enables flexible adaptation to market conditions, but also makes such an organization more crisis-proof. Poorly performing individual units can, if necessary, be downsized or closed down altogether without jeopardizing the climate and success of the larger entity too much.
3. *Diversity:* Diversity takes up the idea of multiple mutations. In the literature on strategic human resource management, it has now entered under the term diversity. This is a postulate based on the most heterogeneous personnel structure possible. This diversity can concern: degree of education, profession, gender, age, nationality or even personality traits. As in the case of the viruses mentioned above, a large reservoir of “genes” in the form of reaction possibilities is thus held in reserve. The combination of the different wealth of experience and knowledge of these diversified human resources results in an even greater potential for new ways of responding to challenges in the corporate environment.¹⁵

¹⁴See Stern and Jaberg (2005).

¹⁵See also Braun (2015, p. 68).

Decentralization at Check24¹⁶

As is well known, the price comparison portal Check24 focuses primarily on price-sensitive customers. Nevertheless, one would also like to offer expert advice, because one competes with numerous comparison portals, which have specialized in certain industries, such as flights, hotels or rental cars. In order to ensure this expertise in the individual areas, the company is therefore organized in a very decentralized manner. There are small, powerful units for the individual comparison portals by industry as a kind of company within the company, which are usually concentrated in one location and where there are few hierarchies but all the more exchange among each other. Check24 also refrains from developing a basic internet platform, which is adapted to the individual industries in the sense of a modular system. Instead, the individual divisions of the company develop their own systems. Thus, synergies are neglected, but one can react faster to customer requirements, resulting from suggestions or complaints, and does not have to coordinate with the other departments. Developers can also contribute their own ideas. These ideas are gained not least by the fact that the developers put themselves in the position of customers and carry out transactions as test users at Check24 and competitor portals. Instead of costly preliminary analyses, the ideas gained in this way are immediately implemented in the sense of an agile management and tested on the customer in live operation. Thereby some of the customers get to see the new processes, others use the existing portal. Reality, such as the deals achieved, ultimately plays the “referee” as to whether a new idea is finally introduced or not. A failure of new ideas is consciously accepted without any disadvantage for the idea provider. Failure is considered a normal step in the continuous improvement process.

These building blocks are also largely components of the so-called concept of *resilience* of organizations. Resilience tries to transfer aspects from individual psychology, which manifests the resilience of people especially in crisis situations, to organizations.¹⁷

Adhocracy culture at Google

Many of Google's successful products originate from the company's 20% working time rule, which allows each employee to spend 20% of his or her time on self-defined projects that are important to Google from their perspective. This 20% rule is a good example of the company's risk orientation and fault tolerance, as it allows employees to try things out without risk and without having to prove profitability in advance. Google also promotes the aspects “open communication” and “willingness to cooperate”. To this end, the company tries to bring people with ideas together, for example through the Google Cafés as meeting points at company headquarters, where free food is available day and night. There is also the possibility to email top executives at any time. And finally, the web-based “Google Moderator” system allows every employee to raise questions or contribute ideas, the relevance and follow-up of which is then determined by the other employees on the net.

¹⁶See Anrdres (2017).

¹⁷See Ungericht and Wiesner (2011): not necessary.

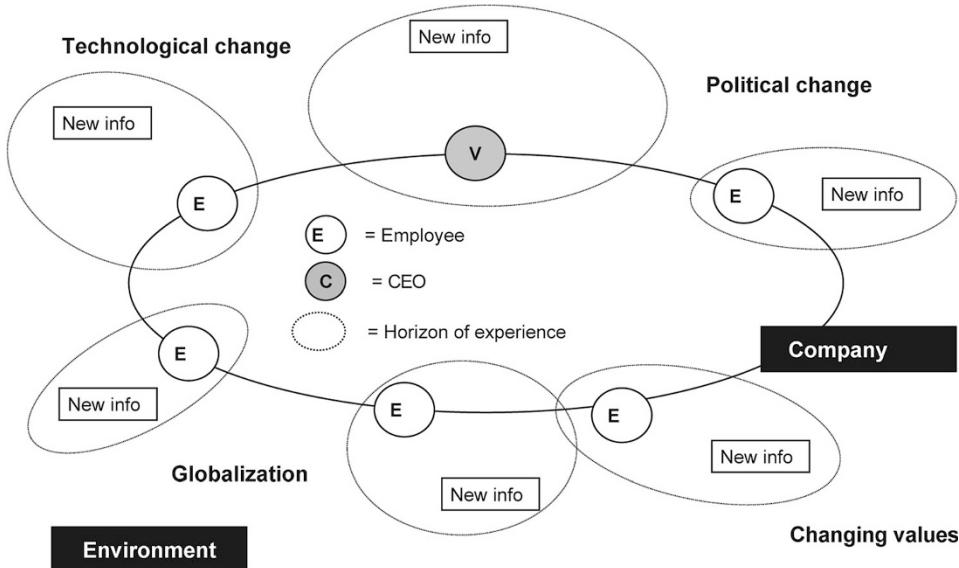


Fig. 14.6 The decentralized learning organization

The interaction of the three aspects of a learning organization is shown in Fig. 14.6.

The figure shows a company consisting of management and other employees or organizational units. This company is confronted with new information or challenges from the corporate environment. Even if the company management has a wider horizon of experience and better possibilities to search for information, it will only find a part of the information relevant for the company or classify it as relevant from the wealth of information. This is all the more true in an information society that is surrounded and threatened by the danger of *information overflow*. However, other employees or organizational units in the company will detect other relevant information. This may be relevant for the unit itself. The principle of decentralization then makes it possible to react directly to changes in the environment by implementing change measures at the affected location. The greater the diversity in the reacting unit, the more different options for action are generated with the chance of finding the optimal one among them. However, information may also be needed by others or be relevant for other units. Here, the adhocracy culture creates a climate of open information and cooperation in which this information is passed on to the right unit even without direct self-interest. The last aspect is nowadays often discussed in the *knowledge management* and strongly associated with the implementation of IT-supported information systems. Such systems can certainly promote the process of knowledge sharing, but they are also dependent on a culture of open knowledge transfer, also known as a “sharing culture”.¹⁸

¹⁸See Adelsberger et al. (2002).

14.3 Selected Methods

The creation of a corporate world that is open to evolution is a complex and rather long-term task that ultimately consists of a multitude of individual measures. The methods presented below, sensor teams, idea Olympics, internal crowdsourcing and intrapreneurship programs, can therefore only be seen as “spotlights” on the way there. They are selected because, among other things, they are characterized by their particular originality or topicality. The entire field of cultural management is broader in scope because the willingness to learn and change is reflected above all in corporate culture.

14.3.1 Sensor Teams

Sensor teams are an unusual and still hardly common instrument to establish a culture of open communication in companies.¹⁹ The Sensor Team is a group of company employees who perform a kind of “jester function”. The team’s task is to critically examine all aspects of the company, such as strategies, technologies or the working atmosphere. Weaknesses, including those relating to top management, are uncovered without regard for taboos. The critical team members, who should be recruited from recognized, intelligent and communicative members of the organization, are expressly excluded from any personal disadvantage due to their function. This is important because, as is well known, the bearer of bad news is often “hanged”.

Sensor teams can be set up in large companies as a full-time department, but it may also be perfectly adequate to fill the role as a part-time job. In addition to the critical internal function, members can also systematically scan the corporate environment for new relevant information. This is an early-warning function that is intended to prevent obstacles such as strong corporate cultures (see Sect. 14.3) from causing the company to fail to make necessary adjustments.

14.3.2 Ideas Olympics

The Ideas Olympics is a method used by the Toyota Company. It combines the principle of participation (see Chap. 9) with the encouragement to try out new things without too strong and early filtering through criteria on the cost and benefit side.

The Ideas Olympics is something like a company-wide suggestion scheme, but differs from this widespread instrument in its playful and competitive nature. The aim is to encourage employees to develop creative and imaginative product ideas that do not necessarily have to be related to the automobile. These ideas are then implemented as

¹⁹See Rittger (2005, p. 79 f.).

Toyota Ideas Olympics, winning example 2002: Car with hamster drive



Fig. 14.7 Winning example “vehicle with hamster drive” of the Toyota Ideas Olympics from 2002 (Source: toyota-media.de)

prototypes and the winners are chosen in a final round of competition. In contrast to the company suggestion scheme, the decisive factor here is not so much the immediate feasibility and success effect of the suggestions, but rather their creativity. The following illustration of an example of a winner from the year 2002 may underscore this (see Fig. 14.7).

The value of this competition is not so much in the concrete improvement of processes or products, but rather is of a cultural nature. The competitive game promotes motivation, identification and cohesion and thus essential components of an adhocracy culture. The invitation to come up with even seemingly crazy proposals is also a good way of fulfilling the postulate of risk orientation and fault tolerance *cultural* to anchor.

14.3.3 Internal Crowdsourcing

Ideas competitions can also be realized very well today with the help of social media as crowdsourcing. This enables the crowd of employees to serve as a source for new ideas. Crowdsourcing originates from innovation management and tries to use customers as a source and evaluator of product innovations via public calls for product ideas on the internet. Customers whose ideas are selected and implemented usually receive a premium in return. The selection of the ideas is often also done via the “crowd”. This means that customers and potential customers vote on which ideas are particularly promising. Especially in the case of products designed for the mass of customers, this assessment can be

more valid than that of individual experts. In this context one also speaks of swarm intelligence.²⁰

Just as customers can generate ideas for product improvements on the basis of user experience, this also applies to company employees. Whereby not only product improvements but also process innovations can be created. For the realization of internal crowdsourcing campaigns, the Social Intranet (Sect. 8.3.2) can be used. It can be used to search for solutions to a specific problem or to call for new product ideas in the sense of an idea olympiad. Whether the selection of ideas is also made by the employees should be decided on the basis of the problem. Where a specific, for example, technical solution is sought, it makes less sense. In the case of product ideas that are intended for the mass market of end consumers, for example, this can be promising. Especially employees with customer contact, for example from sales, can be helpful here.²¹ Examples at large companies like IBM, where company values had to be redefined, or chemicals company BASF, where ideas for cost savings were sought and found to a considerable extent, show that crowdsourcing via internal social media can work well.²²

Internal crowdsourcing at Siemens

The following episode took place at electrical company Siemens and clearly shows how problems can be solved quickly and cost-effectively via a social intranet:²³

It's about the award of an 11-million-dollar contract for medical diagnostic equipment for a pharmaceutical company. After weeks of negotiations, Siemens employee Alistair Gammie visits the company's pharmaceutical production facility in Brazil. During the tour, he happens to pass by the print quality inspection of barcodes. "Around one million barcodes are printed each month and checked by our employees with their own eyes," explains the plant manager. "But sometimes printing errors remain undetected."

These errors can cause expensive problems in logistics, because pharmaceutical products may not be delivered correctly. Actually, Alistair has nothing to do with this problem, but he can't get it out of his head. As late as Friday evening, he sends an "urgent request" to the TechnoWeb network, Siemens' online ideas platform. Although it's the weekend, he receives 23 responses from Siemens colleagues around the world in a very short time. On Monday morning, after the diagnostics presentation, Alistair will present four concepts for implementing automated barcode print inspection. Those present are impressed and ask: "How did you manage to solve this non-expert problem in such a short time? In just a few hours, Alistair explains, he has mobilized the skills of 39,000 Siemens employees worldwide who are actively participating in the TechnoWeb".

²⁰See Reichwald and Piller (2009) and Gassmann (2010, pp. 25 f.).

²¹See Riemge-Gurzki (2017, p. 206).

²²See Clayton (2015).

²³Susenburger (2014).

14.3.4 Intrapreneurship Programs

The (state) promotion of entrepreneurship is an important part of modern economic policy against the background of increasingly dynamic environments. In the same way, the internal counterpart, intrapreneurship (also called corporate entrepreneurship), has gained in importance in practice and science in recent years.²⁴ Intrapreneurs are employees in already existing companies who actively participate in the identification and realization of business ideas, improvement innovations or other changes or even initiate them.²⁵ Intrapreneurship can therefore lead to improvement and product innovations, which in some cases even lead to the establishment of new business units.

Companies that have a high level of such intrapreneurs benefit in many ways. They have a higher survival rate in dynamic environments, as the diverse and decentralized search for new ideas and improvements contributes to a continuous adaptation to the environment (see Sect. 14.2.2). They also have higher customer satisfaction and, accordingly, superior financial metrics, such as higher shareholder value.²⁶ In addition, the promotion of intrapreneurship helps to realize ideas *at company* is guaranteed. According to empirical research, approximately 70% of successful company founders developed their business idea within the original business relationship, but were unable to realize it there and eventually founded their own companies.²⁷

Companies can actively promote intrapreneurship through appropriate programs. Important components of such a program are:

- *A flexible corporate culture:* An intrapreneur-friendly corporate culture is essentially characterized by the characteristics described above in the context of adhocracy culture (see Sect. 14.2.2). The aspects of fault tolerance and open communication are particularly important here. Fault tolerance encourages individuals to try things out without having to fear negative consequences if the initiatives fail. Open communication is important in order to pass on good ideas to those responsible without suffering the theft of ideas or being despised for new ideas. In addition, those who implement ideas need the active support of others in the company, especially in the form of knowledge sharing.
- *Identification and training of intrapreneurs:* Human Resources can also actively promote intrapreneurship. This concerns first of all the selection of personnel and the

²⁴See Neessen et al. (2018).

²⁵See Mohedano-Suanes and Gatzon Benitez (2018).

²⁶See Mohedano-Suanes and Garzon Benitez (2018, p. 110).

²⁷Chamorro-Premuzic (2012).

identification of intrapreneurs from among the existing workforce. Intrapreneurs are characterized in particular by the following characteristics:²⁸

- they question the status quo, develop visions, but at the same time have a high commitment to the company and place the success of the company above their own or that of their own division,
- they are able to successfully implement their ideas in the organization because they are diplomatic and well connected, can negotiate and sell skillfully
- they accept moderate risks,
- they possess a high degree of the personality trait “self-efficacy.” This means they have confidence in being able to make a difference themselves.

In addition, entrepreneurship can also be promoted in a targeted manner through training for appropriately talented employees.

- *Sufficient management-support:* Management support refers to the money and time provided, but also includes the recognition given to the intrapreneur. In terms of time, it is important that not only is time allocated when a good idea has already been approved for sales, but also that sufficient time is allocated for the idea generation phase, as described in the above case study on Google’s Adhocracy Culture (see Sect. 14.4). Recognition can take the form of monetary incentive systems, whereby special attention should be paid here to variable profit-sharing, as this is perceived as fair compensation for the success achieved. More important, however, is often the intangible recognition on the part of top management, because intrapreneurs tend to act out of intrinsic motivation (see Sect. 5.5) and enjoy above all the autonomous realization of their ideas. It is important here that the selection of the sponsored ideas is transparent and guided by criteria in the sense of open communication and that it is comprehensible for the idea provider.

14.3.5 Cultural Management

In the following Sect. 14.2.2, adhocracy culture was described as the cultural model of an organization capable of learning and change. This automatically raises the question of how to establish such a culture if it is not or hardly ever present in the company. Given the complexity and unquestioned self-evidence of culture, it is obvious that this cannot be achieved in the short term with a single method. In order to find the right starting points, therefore, it is first necessary to describe the phenomenon of corporate culture and the factors that influence its formation and development in more detail.

²⁸See Mohedano-Suanes and Garzon Benitez (2018, p. 111 f.), Neessen et al. (2018), Scheurenbrand (2016, p. 45).

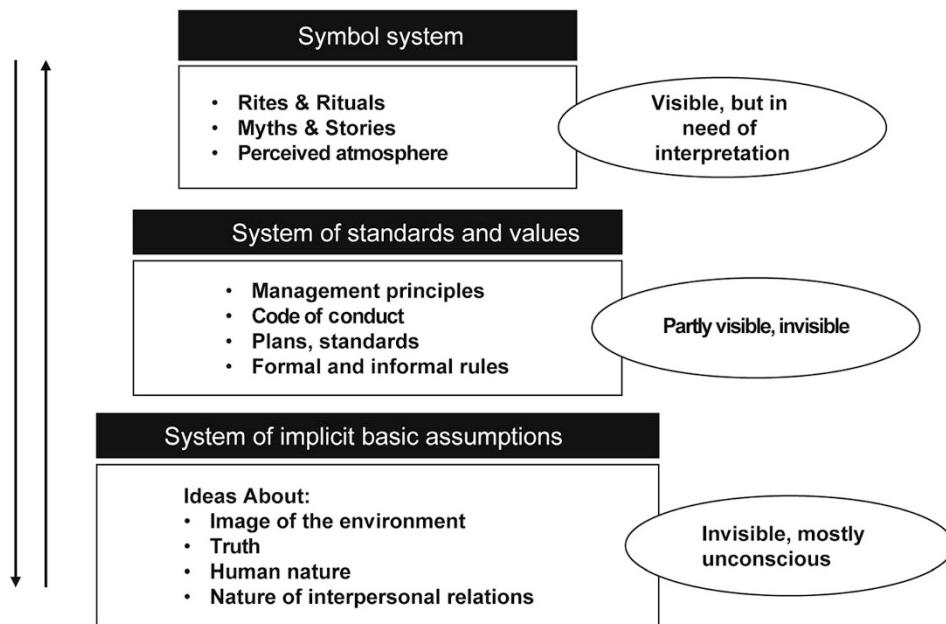


Fig. 14.8 Components of the corporate culture according to E.H. Schein (Extended illustration based on Bea and Haas 2001, p. 458)

Three levels of corporate culture

Probably the most popular and handy model for capturing corporate cultures, also known as Schein's scheme, comes from the organizational sociologist Edgar H. Schein.²⁹

According to this, culture is always depicted in parallel on three interdependent levels (see Fig. 14.8):

1. *The symbol system:* It comprises visible and audible elements that are symbolic of the culture. Such symbols can be myths and legends from the company's history, the architectural design of the company buildings, rituals in dealing with each other or the way people dress or greet each other. The following box contains a few examples.

Symbols are visible or audible. As the examples show, however, they require interpretation. A clean university campus can thus indicate that everyone feels comfortable and respects the beautiful buildings or that there are drastic penalties for scribbling on tables or walls. So you have to learn more about companies and organizations in order to interpret the world of symbols correctly.

²⁹See Schein (1986).

Symbol systems in practice

About IKEA founder Ingvar Kamprad, it is said that on holiday he first meticulously compared prices of postcards before buying any—and that as a multiple billionaire. This is presumably intended to express the principle of cost efficiency, which is strategically important for IKEA, by setting a symbolic example for all employees.

At household appliances manufacturer Miele, it is customary for people to greet each other on the company premises, even if they do not know each other. The managing directors are not excluded from this rule either. Two things are expressed by this ritual: a) We are all one big family and b) Rules apply here without exception to everyone.

2. *Norms and values*: They define the rules of action and social interaction. Some of them are visible because they are laid down in writing—for example, company mission statements or management principles—but the larger and more important parts are informal norms based simply on social agreement. It is precisely these informal norms that are actually the elements that create culture. Above all, they regulate social interaction, such as how to address each other, dress, speak, etc. They are so self-evident to company employees that they often don't even notice they exist, and the most non-cultural outsider will be able to recognize them better.

3. *Implicit basic assumptions*: They are something like worldviews from which the individual norms and values arise. Such basic assumptions can concern, for example, “human nature”. If, for example, one assumes that the latter is malicious and lazy, this will lead to a culture of strict controls. If, on the other hand, one believes in a motivated, creative person, the culture will tend to be a participatory, trusting one, and will thus do without explicit controls. Basic assumptions can also concern the image of the corporate environment (hostile or full of opportunities), human interaction (e.g., cooperative vs. competitive) or the criterion for truth (e.g., what the company founder says is true). As the term “implicit” already suggests, these basic assumptions are mostly hidden. The individual members of the company are usually not aware of them and it also requires some effort to recognize for themselves on which basic assumptions an organization is based.

The three levels are interdependent. Although norms and values basically result from the basic assumptions and are then represented by symbols, the opposite approach is also possible. For example, the type of architectural design has a not insignificant effect on the social climate in a company. Long, dark corridors with closed doors are less conducive to communication and team spirit than bright offices with glass doors that lead off from wide, equally bright corridors in which seating furniture encourages lingering and communication.

Corporate culture is not only, as shown in the previous section, a complex system, but is also influenced by a number of external and internal factors (Fig. 14.9).

The currently existing culture is largely based on the *company's history*. A look at case studies shows that very often the founders of the companies had a certain idea of what the world they created should look like. These values of the founders then form the basis of the

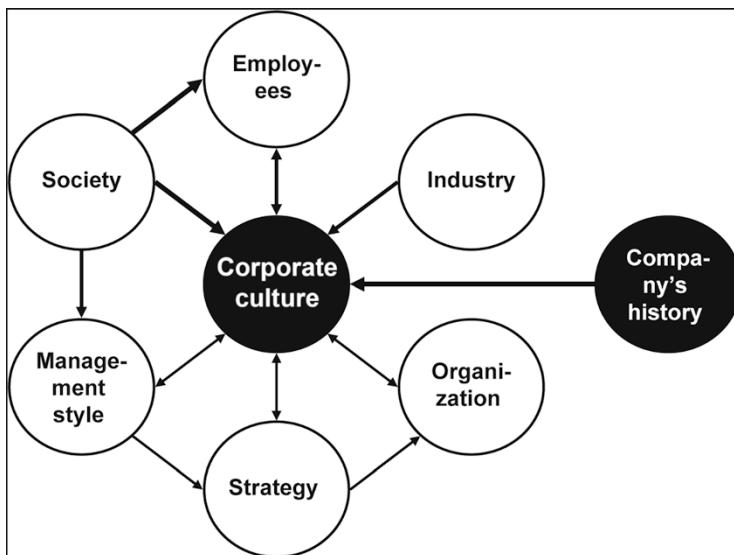


Fig. 14.9 Factors influencing the development of corporate culture

cultures as they still exist 100 years later or even later, albeit in modified form. History, by its very nature, cannot be changed, at best its interpretation, and thus is not a suitable starting point for cultural change.

Historically anchored corporate culture at C&A

Fashion retailer C&A has an unusual culture, which goes back to the origins of the owner family Brennikmeijer as peddlers of linen fabrics. Discipline and discretion were part of the tradition, as was a strict Catholic canon of customs of this deeply religious family. Characteristics that also reflect the archaic management structure that has prevailed until modern times:

- Thus, management positions are filled from the ranks of the family, whereby the posts are not inherited, but rather one has to work one's way up from below on a long, arduous path, and in the process has to pass a series of professional and character tests. The training of the externals is similarly structured.
- A whole series of written and unwritten laws must be observed, which are derived primarily from the Catholic canon of morals. Divorce is therefore a taboo and usually leads to exclusion as a manager. Women of the clan were also excluded from managerial positions for a long time. The family members, but also ordinary apprentices, are monitored to make sure that they adhere to the strict rules of morality.
- A culture of secrecy, in which even regulations on succession are only explicitly known to a small management circle. Within the company and especially in public, information from top management or on the course of business is kept to a minimum.

In addition to changes in the trading environment, this culture has also increasingly plunged the company into a crisis, breaking with tradition in 2017 and appointing an external person to head C&A in the person of former Rewe (a German grocery retailer) CEO Alain Caparros.

Another factor is the industry culture. For example, certain rules, such as the clothing in the banking sector, are often determined by industries and therefore cannot be modified from within. This applies to an even greater extent to the influence of the national culture from which the respective company originates. So there are typically Japanese, typically American or typically German companies.

The starting points for active cultural management, on the other hand, are factors that can be influenced from within. For example, the personnel, the management style, the organization or the strategy of a company. However, a few limitations should be noted here directly. For example, a personnel is usually acquired from the center of the respective company. Even if, for example, one would like to have a Japanese corporate culture in Germany, one is still dependent on hiring German employees. This applies equally to managers. Personnel development measures, in turn, can to some extent influence the behavior and attitude of employees and managers, but as seen in Chap. 11, here too the effect must be expected to be more medium-term, since only sustained training leads to noticeable changes. Not to be neglected is also the fact that even when new personnel or managers are hired, who seem to ideally reflect the new culture, a “re-education” of these themselves takes place in the new company. In order to gain the acceptance of existing employees and managers, the newcomers will inevitably have to adapt to the prevailing conditions.

Organization and strategy can exert an influence. For example, a reorganization in which individuals are given more responsibility can lead to a change in behavior and attitudes, but usually not without temporary problems. A change of strategy is easy to announce, but whether it can be lived is also due to the extent to which a change of culture is required. In a corporate culture that has been characterized by rapid growth and success, for example, where all employees have been provided with generous bonuses, luxurious office furniture or company cars, it is difficult to implement cost-consciousness overnight.

Starting points for cultural management

Despite the restrictions made in the above section, active cultural change is possible, however, not in a fully planned form. As a cultural manager, therefore, one has to say goodbye to the image of a project in which the outcome and timing can be precisely planned in advance. What seems possible, however, is the initiation of cultural change in a desired direction. It is difficult to determine at the outset whether the culture will then look exactly as the initiator intended at the end of the process and when the development will essentially be completed.

As explained in the previous section, starting points for targeted initiation are available at the level of the individual and the organization.

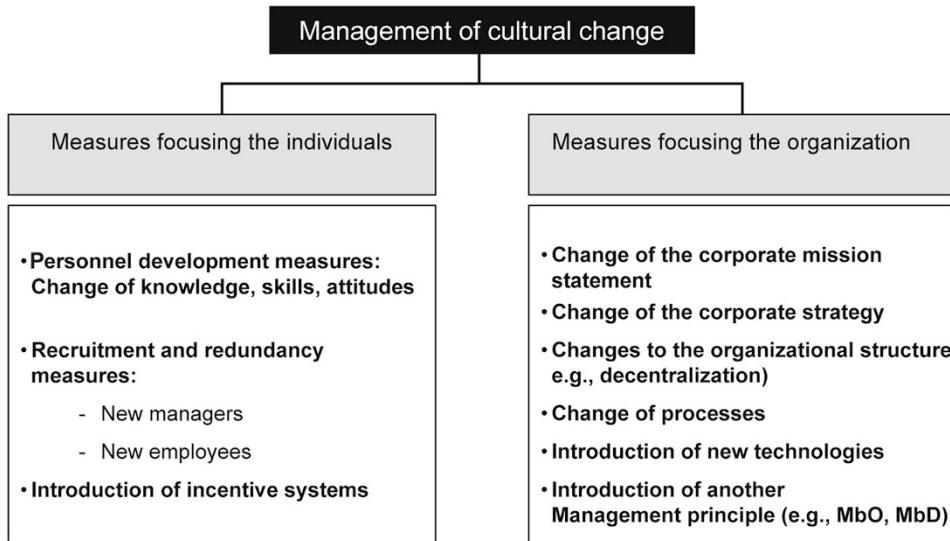


Fig. 14.10 Starting points of cultural management

As with all measures of change, the risk of resistance arising is high, even with cultural change. This is particularly true because culture is a source of identity and change is seen as an “attack” on one’s own self-image. The set of measures presented in the Fig. 14.10 should therefore be applied with caution and in rather small steps. Only in “emergency situations”, where a rapid change in culture is vital for a company, do more radical cutbacks seem appropriate. These can result in a “*bomb throwing strategy*”. This is a process in which a company is completely reorganized from one day to the next, without announcement but prepared by the management. The resulting chaos can lead to a self-controlled finding of one’s way in the new situation, which promotes new structures of action and also new attitudes of the employees.

14.4 Practice Check

With regard to this chapter, it is a good idea to first check to what extent the requirements for a learning and adaptable organization, as formulated in Sect. 14.2.2, are already given in your company. On the basis of such a target/actual comparison, it is possible to define targeted countermeasures, primarily from culture management (see Sect. 14.3.3), in the next step with regard to the prerequisites where considerable discrepancies still exist.

The procedure for this is as shown in Fig. 14.11. First of all, the profile of the previous organization or corporate culture is to be determined in the form of scores (with 1 as the best, and 5 as the worst score) on the basis of the criteria derived from Sect. 14.2.2. This can optionally be done alone at first, but better in the form of a workshop. In a workshop it is

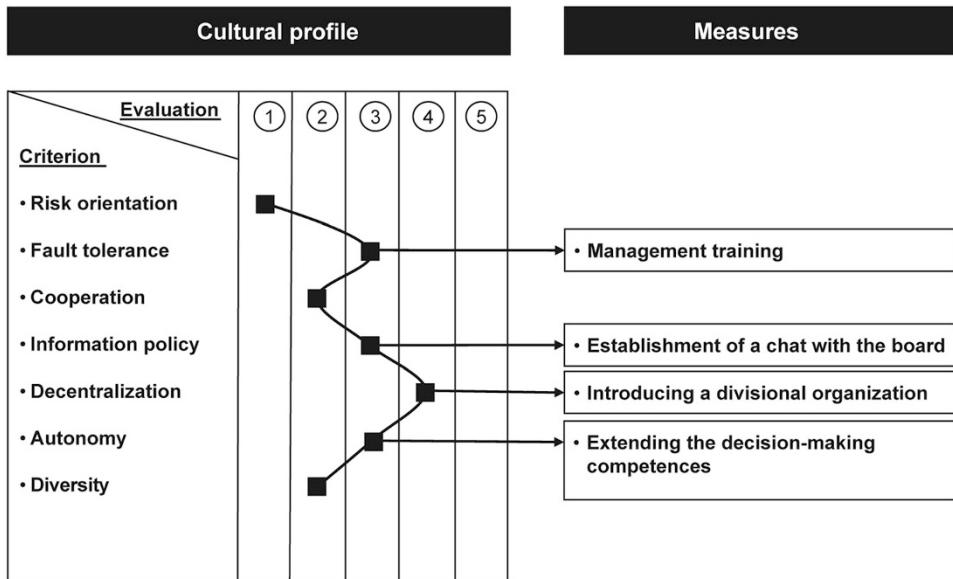


Fig. 14.11 Target-performance analysis and action plan “learning organization”

important to involve not only members of the high and higher management levels, but also the middle management and the operative level in order to make an evaluation as comprehensive and intersubjective as possible. In the case of a workshop, the procedure is to be designed in such a way that first of all everyone creates the profile him/herself, and then a coordinated profile is jointly defined on this basis. Existing differences in the evaluation are suitable starting points for a discussion that may reveal existing cultural and organizational problems, but also communicative misunderstandings. If a workshop is expected to produce significantly different assessments, a trained, neutral moderator should be engaged (see Sect. 9.3.1).

If the joint evaluation is available, the next step should be to discuss and decide on measures to change the situation at those points where the evaluation is in area 3 or worse. Figure 14.10 from Sect. 14.3.3 can serve as a starting point. If one of these categories of measures, for example, the creation of an incentive system, is selected, it is imperative that further concretization takes place with regard to the respective company. In the example of an incentive system, at least the following must be specified: what exactly there is a reward for, what this reward should look like (money, promotion, etc.), how the achievement of the defined goals can be measured and which group of people in the company is eligible to participate in the incentive system. In addition, responsible persons must then be named who will submit a detailed concept by a defined date for approval by the relevant decision-making body.

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