

**UNIVERSITY OF PENNSYLVANIA**

**THE WHARTON SCHOOL**

**DEPARTMENT OF MANAGEMENT**

**Spring Term, 2000**

**Professor:** Dr. J. M. Ryan

**Telephone:** 267-626-7554 (cell phone); 215-836-5229 (home)

**Office Hours:** By appointment

**Course:** MGMT 773, Managing Organizational Change

**Class Times:** M-W 12-1:30.

**Location:** Steinberg Hall - Dietrich Hall 351

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**COURSE DESCRIPTION**

A pervasive challenge for all organizations and their managers is how to initiate, implement and sustain major change. If anything, contemporary business environments make the ongoing need for organizational change even more critical than earlier. Indeed, organizational change efforts are the lifeblood of management consulting and engage top management attention as well. Thus, this course is especially useful for students who plan careers in management consulting or general management, whether in line or staff positions.

The course has three main objectives:

- 1) Introduce students to best current thinking relevant to designing and managing and assessing the effectiveness of change initiatives.
- 2) Introduce students to the core tasks and the dilemmas management consultants face in helping clients navigate change.
- 3) Provide students with opportunities to apply this knowledge base both in the classroom (case studies) and in real life work settings (live issues), with a view toward documenting best practices and critical issues facing both executives and consultants.

The first objective is achieved through readings in selected areas relevant to managing organizational change. The second objective is achieved through profiling consulting firms and interviewing practitioners (both mega firms like McKinsey,

Andersen, BCG; and boutiques like Delta, Schaffer Associates, ODI; CFAR, Kepner Tregoe, Metrus, the Belgard Group, others; and well regarded solo practitioners and academics like Ram Charan, Noel Tichy, others). The third objective is achieved through case presentations and a group term paper on an applied problem in managing organizational change. This applied problem - a “live” critical issue - should preferably be in a familiar setting or, at a minimum, in an organization in which the group is interested and has access. Thus the group project should be thought of as “field work” in quasi-anthropological terms.

The course content focuses on the leadership and implementation of organizational change in a large variety of strategic settings including merger, acquisition, growth, start up, renewal, transformation, reengineering, turnaround, downsizing, global integration, cultural change, and quality improvement. We will use James Brian Quinn and Henry Mintzberg’s strategic context framework as outlined in their classic text The Strategy Process to organize, sequence, and differentiate the cases and the range of presenting issues. Finally, in practical terms, in every setting, the managerial challenge is to manage the change process as smoothly and as quickly as possible thus achieving the desired strategic and/or operational goals. At the level of practice, we will document change management processes and practices that work and document what the processes and practices are, how they were implemented, results achieved, and why they work.

There are three master modules in the course content. The first module introduces the challenge of bringing about change in organizations, and, as an introduction to the problems of managing change, examines the process of leading change at GE over CEO Jack Welch’s long tenure – from 1981 to the present. The second module, in many ways the heart of the course, discusses in detail several different change strategies and their associated managerial and consulting challenges, including the management of discontinuous change. The third module examines the role of the change agent, and what factors can make change agents more effective, and focuses on integration of the course concepts, particularly from the vantage point of top management. Some executives from leading organizations that are undergoing change and consultants who provide change management advice will also be invited speakers in class. I will announce this as details get finalized.

Throughout the course, the objective will be to prepare executives, or their consultants and advisers, to meet the challenges of organizational change successfully. This is likely to be a constant theme throughout your managerial careers.

## **READING MATERIAL**

A bulk pack of reading material and cases can be purchased from Wharton Reprographics. In addition, two books are required reading: Robert Schaffer, High Impact Consulting and The GE Way Fieldbook. All other material, as appropriate, will be distributed in class.

## **GRADING**

The overall course grade will be based upon the following:

### **(1) Case Presentations (35%)**

An integral part of the course grade will evaluate the quality of the case team presentations. Case teams of 5-6 persons will be finalized on January 24. Note: you will be working in the same case team all term. Expectations, format, and other presentation requirements will be defined at that time. Presentations will include cases as well as profiles of selected consulting firms and their conceptual approaches and methodologies.

Please note: all students are expected to prepare in advance all the readings and cases for each class. Opportunities will exist for questions and interaction during the case team presentations. I expect you to attend every class. However, if there is a serious schedule conflict, please take my permission before the fact.

### **(2) Group Term Paper (65%)**

The key objective of the term paper is to help students working in a case team study a real life situation in an organization of their choice using the ideas from the course. Although the choice of specific project topic is left up to the participants, there is a minimum criterion of overlap with at least one of the topics covered in the course

The final project report should be about 25 pages long inclusive of all exhibits or appendices. Either written text or power point slides are acceptable. The front end of the report should have a brief description (about five pages) of the specific context being studied. If such a format is relevant, the rest of the report should describe the problems, present the analysis using relevant theory from the course, and suggest specific action recommendations appropriate for the specific setting.

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Below find the cases and reading assignments organized by our three master modules: Leading Change, Changes Strategies, and the Role of the Change Agent.

Note: specific dates for class modules are not yet finalized. Our schedule will vary throughout the term based on availability of outside executive speakers.

## **Module 1: Leading Change**

### **Session 1: The Transformation of GE Under Jack Welch: 1981-2000**

Reading: The GE Way Fieldbook

### **Session 2: “Change Management” as a Consulting Practice: the Rhetoric and the Reality**

Reading: Robert Schaffer, High Impact Consulting

### **Session 3: “The Vision Thing”: Aligning Talk and Action**

Readings: The Vision Thing

*Optional:* The CIA’s Most Important Mission: Itself

Cases: Texocom and Falcon: Translating a Vision into Reality

Alpha and Omega

### **Session 4: The Complexity of Change: Transformational vs. Incremental Change Processes**

Reading: Leading Change: Why Transformation Efforts Fail

*Optional:* Denny’s Changes Its Spots

Case: The 36 Hour Work Day (A)

### **Session 5: Championing Change**

Readings: Championing Change: An Interview with Bell Atlantic’s CEO Raymond Smith

*Optional:* How to Lead a Revolution

Case: Chrysler: Iacocca’s Legacy

## **Session 6: The Rhetoric of Change**

Readings: The Rhetoric of Change

*Optional:* Leaders of Corporate Change

Case: Bob Galvin and Motorola (A) and (B).

## **Module II: Change Strategies**

### **Session 7 - Managing a Merger**

Readings: Rebuilding After the Merger: Dealing with Survivor Sickness

*Optional:* AT&T's \$12 billion Cellular Dream

Case: Unisys: The Merger of Burroughs and Sperry

### **Session 8: Managing an Acquisition**

Readings: Managing the Dynamics of Acquisitions: Successfully Moving From Decision to Integration

*Optional:* Managing Mergers, Acquisitions, and Divestitures

Case: Giddings & Lewis: In Search of the Cutting Edge (A), (B), (C), (D) & (E)

### **Session 9: Managing Growth**

Readings: Why Wrestle with Jellyfish? Lessons in Managing Organizational Change

*Optional:* Rate Your Readiness to Change

Case: Ingvar Kamprad and IKEA

### **Session 10: Launching and Managing “.com” Start Ups**

Readings: to be determined

Case: CNBC.com(A): NBC Incubates E-Business (if available from HBS)

### **Session 11: Managing Corporate Renewal Through Quality**

Readings: How Can Big Companies Keep the Entrepreneurial Spirit Alive?

*Optional:* Making Change Stick

Case: Xerox Corporation: Leadership Through Quality (A), (B) & (C)

### **Session 12: Managing Corporate Transformation**

Reading: Restructuring for Self Renewal: Navistar International Corporation

*Optional:* Times Are Good: Create a Crisis

Case: Transformation of IBM & Supplement

### **Session 13: Reengineering**

Readings: Business Process Reengineering: Improving in Strategic Directions

Reengineering Work: Don't Automate, Obliterate

*Optional:* Reengineering: The Hot New Management Tool

Case: Capital Holding Corporation

### **Session 14: Managing Turnaround I**

Readings: Re-Energizing the Mature Organization

Moving Ideas into Action: Mastering the Art of Change

*Optional:* Organizing for a Turnaround

Case: General Motors: Smith's Dilemma

### **Session 15: Managing Turnaround II**

- Readings: Why Change Programs Don't Produce Change  
Reinvention Roller Coaster: Risking the Present for a Powerful Future
- Optional:* A Master Class in Radical Change
- Case: Ford: Peterson's Turnaround

### **Session 16: Managing Downsizing**

- Readings: Best Practices in White Collar Downsizing: Managing Contradictions
- Optional:* The Pain of Downsizing
- Case: The Case of the Downsizing Decision

### **Session 17: Managing Discontinuous Change I**

- Reading: Disruptive Technologies: Catching the Wave
- Optional:* AT & T Ready to Run
- Case: Jacobs Suchard: Reorganizing for 1992

### **Session 18: Managing Discontinuous Change II**

- Readings: Executing Change: Seven Key Considerations
- Optional:* Managing in a Wired Company
- Cases: The Gdansk Shipyard  
The Szczecin Shipyard: State Enterprise Restructuring in Poland

### **Session 19: Managing Discontinuous Change III**

- Readings: Memo to a CEO: Leading Organizational Transformations
- Optional:* The Modular Corporation
- Case: DISC (A), (B) & (C)

## **Session 20: Managing Cultural Change**

Readings: Cultural Transformation at NUMMI

*Optional:* You Can Have it All

Case: Cultural Change at Nissan Motors

## **Module 3: Change Agents**

### **Session 21: Role of the Change Agent I**

Readings: Implementing Change

Six Principles of Successful Persuasion

Case: Sears (A): The Challenges Facing Sears (class handout)

Sears (B): Leading the Change at Sears (class handout)

### **Session 22: Role of the Change Agent II**

Readings: Why do Employees Resist Change?

Real Change Leaders

Case: Memorial Sloan Kettering Cancer Center (A), (B) & (C) (class handout)

### **Session 23: The CEO's Challenge: Lead Today's Business and Build Tomorrow's Business**

Readings: Beyond the Charismatic Leader: Leadership and Organizational Change

*Optional:* Unilever's Food Business: Munching on Change

Case: Motorola Corp.: The View From the CEO Office

Motorola: Institutionalizing Corporate Initiatives

## **Session 24: Looking Forward: Opportunities and Dilemmas Facing Consultants**

Readings: No assigned reading

**Bulk Pack: Table of Contents**

1. The Vision Thing
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3. The CIA's Most Important Mission: Itself
4. Texocom and Falcon: Translating a Vision into Reality
5. Alpha and Omega
6. Leading Change: Why Transformation Efforts Fail
7. Denny's Changes Its Spots
8. The 36 Hour Work Day (A) {(B) case handed out in class}
9. Championing Change: An Interview with Bell Atlantic's CEO Raymond Smith
10. How to Lead a Revolution
11. Chrysler: Iacocca's Legacy
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18. Managing the Dynamics of Acquisitions
19. Managing Mergers, Acquisitions, and Divestitures
20. Giddings & Lewis: In Search of the Cutting Edge (A), (B), (C), (D) & (E)
21. Why Wrestle with Jellyfish?
22. Rate Your Readiness to Change
23. Ingvar Kamprad and IKEA
24. How Can Big Companies Keep the Entrepreneurial Spirit Alive?
25. Making Change Stick
26. Xerox Corporation: Leadership Through Quality (A), (B) & (C)
27. Restructuring for Self - Renewal: Navistar International Corporation
28. Times Are Good: Create a Crisis
29. Transformation of IBM & Supplement
30. Business Process Reengineering: Improving in Strategic Decisions
31. Reengineering Work: Don't Automate, Obliterate
32. Reengineering: The Hot New Management Tool
33. Capital Holding Corporation – Reengineering the Direct Response Group
34. Re-Energizing the Mature Organization
35. Moving Ideas into Action: Mastering the Art of Change
36. Organizing for a Turnaround
37. General Motors: Smith's Dilemma
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53. The Modular Corporation
54. DISC (A), (B) & (C)
55. Cultural Transformation at NUMMI
56. You can Have it All
57. Cultural Change at Nissan Motors
58. Implementing Change
59. Six Principles of Successful Persuasion
60. Sears (A): The Challenges Facing Sears
61. Sears (B): Leading the Change at Sears
62. Why do Employees Resist Change?
63. Real Change Leaders
64. Memorial Sloan Kettering Cancer Center (A), (B) & (C)
65. Beyond the Charismatic Leader: Leadership and Organizational Change
66. Unilever's Food Business: Munching on Change
67. Motorola Corp.: The View From the CEO Office
68. Motorola: Institutionalizing Corporate Initiatives

Plus two books:

- 4) Robert Schaffer, High Impact Consulting
- 5) Robert Slater, The GE Way Fieldbook