

UNIVERSITY OF PENNSYLVANIA

THE WHARTON SCHOOL

DEPARTMENT OF MANAGEMENT

Fall 2012

Instructor: Jitendra V. Singh
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Office Hours: MW 10:30 am-12 noon or by appointment

Course: MGMT 773, Managing Organizational Change

Class Times: MW 1:30pm-3:00pm

Location: 213 SH-DH

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 private equity, management consulting or general management, whether in line or staff positions, even though students interested in entrepreneurship, strategy, and human resources will also benefit from the course content.

The course has two main objectives:

- 1) Provide students with a theoretical knowledge base relevant to problems in managing organizational change.
- 2) Provide students with opportunities to apply this theoretical knowledge base in both classroom and real life work settings, with a view to improve the management of organizational change.

The first objective is achieved through readings in selected areas relevant to managing organizational change. The second objective is achieved through frequent case discussions and a group term paper on an applied problem in managing organizational change. This applied problem should preferably be in a familiar setting or, at a minimum, in an organization in which the group is interested.

The course content focuses on the leadership and implementation of organizational change in a large variety of settings including merger, acquisition, growth, renewal, transformation, reengineering, turnaround, spin-off, downsizing, global integration, outsourcing, cultural change, and e-business, among others. In every setting, the managerial challenge is to manage the process as effectively as possible.

There are two primary 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 several firms. The second module, in many ways the main body of the course, discusses in detail several different change strategies and their associated managerial challenges, including the management of discontinuous change. I will also invite a few visitors from a few selected organizations that are undergoing change or provide change management advice as speakers in class. I will announce this as details get finalized.

Throughout the course, the objective will be to prepare managers, 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 materials and cases is available online on Study.net and can be purchased by you from Wharton Reprographics if you want hard copies. I will distribute any additional materials, as appropriate, in class.

GRADING

The overall course grade will be based upon the following:

(1) Class Participation (35%)

Based on current enrollments, it appears that the moderate size of the class will enable us to design a quite personalized learning experience, with plenty of air time for every student.

An integral part of the course grade will evaluate the quality of the input each student makes during class discussions. All students are expected to prepare in advance all the readings and cases for each class. *I expect you to attend every class.* If there is a serious schedule conflict, please take my permission before the fact. However, if you expect to miss more than three classes during the term, I would urge you to reconsider your decision to take this course. Participation is strongly encouraged and the onus is on

each student to get his or her views aired. However, *I will reserve the right to call upon any student at any time.*

(2) Group Term Paper (20% for draft of term paper; 35% for final term paper; 10% for in-class presentation)

The key objective of the term paper is to help participants 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. In the past, topics have usually involved an ongoing or recently concluded change effort at a firm of the students' choice. I would urge you to discuss your ideas for a paper topic with me at the earliest.

Some illustrative project titles from earlier offerings of the course are:

- ◆ Nokia-The Burning Platform: Change Leadership in a Crisis
- ◆ Organizational Changes Brewing at Starbucks: Howard Schultz's Return
- ◆ Joel Klein's Transformation of the New York City Public School System
- ◆ Change In Crisis: Siam Cement Group's Fight for Survival
- ◆ Organizational Change at Harper Collins Publishers
- ◆ Driving Organizational Change at Wharton
- ◆ Apple 1983-1993: John Sculley's Change Program
- ◆ Baltimore Clayworks: Assessing a Time of Change
- ◆ Leading the Deal From Hell: Bank of America and Merrill Lynch
- ◆ Google: How Google is Trying to Transform Itself Back to its Pre-IPO Days
- ◆ Creating the American Lung Association: From TB to Clean Air
- ◆ FedEx Buys Kinko's, Copies UPS
- ◆ Turbulence at HP (A) and (B)
- ◆ AOL Time Warner: A Merger Gone Wrong
- ◆ Merger of United and Continental Airlines
- ◆ Implementing Change In the US Military: The Repeal of "Don't Ask, Don't Tell"
- ◆ The Rise and Fall of Michelle Rhee: Managing Organizational Change within Education
- ◆ International Finance Corporation 2013: A Study In Change Management
- ◆ Organizational Change at Estee Lauder
- ◆ The Nielsen Company's Change Journey: Realizing the Vision of Integrated, Simple and Open
- ◆ Kraft's Acquisition of Cadbury
- ◆ Zappos

- ◆ Samsung Electronics: Continuous Organizational Change
- ◆ Managing Organizational Change in a Political Context: The New Indonesia Alliance Political Party
- ◆ The Dean of Happiness: Kembrel Jones and Cultural Change at Wharton
- ◆ Procter & Gamble's Acquisition of Gillette
- ◆ Cisco's Change Odyssey After the Dot Com Bubble Burst
- ◆ The Royal Bank of Scotland: Making Change Happen
- ◆ The Rise, Fall, and Resurrection of Apple Computer
- ◆ InBev: Transforming a Belgian Company Brazilian Style
- ◆ Welcome to the Jungle: E*Trade Financial Corp.
- ◆ Oakland Athletics
- ◆ Can Nissan's Revival last?
- ◆ Creating a Giant: BlackRock, Inc. Acquires Merrill Lynch Investment Managers
- ◆ Changing Times at Ford Motor Company
- ◆ Federated Department Stores: The Acquisition and Integration of May Company
- ◆ Jeffries' Acquisition of Broadview: A Push into New Verticals and the Ensuing Culture Clash
- ◆ Change at Women's World Banking
- ◆ Google China
- ◆ Deere & Company: A New Lane to Change
- ◆ AES Gener: The Chilean Venture
- ◆ AMD: A New Direction. A New Momentum.
- ◆ Vistas of the Future: Engineering Change in Microsoft's Platforms and Services Division
- ◆ Managing Organizational Change at the Spirit Group
- ◆ The Rebirth of Nissan Motor Co. after the acquisition by Renault Group
- ◆ Turnaround of Xerox Corporation (2000-2005)
- ◆ The Turnaround of Tyco: How Ed Breen Saved a Company on the Brink
- ◆ Enhancing the Academic Environment at the Wharton School: A Four Point Plan
- ◆ Disney Acquisition of Pixar: A Return to Roots
- ◆ From Fundraising to Community Impact: United Way of Southeastern Pennsylvania
- ◆ Managing Change at Reebok

I want you to form three person project teams (the specific team size will depend on final course enrollments), such that there are no more than eight project teams overall. *A sign-up sheet for teams will be available on Canvas.*

By Monday, September 17th, 2012 I would like every project group to provide me with names of their project team members.

By Monday, October 1st, 2012 I would like to have all project teams discuss their project topics with me and provide me with a one page project outline.

By Wednesday, November 7th, 2012 I would like you to upload to *Canvas* a draft of your project report. I will provide you feedback on your draft report. This draft is to be in PowerPoint presentation form, but with sufficient detail to enable reading it as a coherent document.

The final project reports will be due by 1:30pm on Wednesday, December 5th, 2012 the last day of class for our course, and you should upload it to *Canvas*.

During the last two class sessions, on December 3rd and 5th, each project team will also present the key findings of their change projects to the other class members. I will make sign-up sheets available on *Canvas* closer to the date for the sequence of the presentations.

The final project report should be about 25-30 pages long inclusive of all exhibits or appendices. One format that has works quite well is to write a case study based on field data, then to analyze the case and suggest specific action recommendations. If such a format is used, the (A) case presents the data from the field context, and the (B) case describes the problems, presents the analysis using relevant theory from the course, and suggests specific action recommendations appropriate for the specific setting. I will provide a writing template for this in class as needed.

READING ASSIGNMENTS

PART 1: LEADING CHANGE

Session 1 - 5th September 2012: Introduction

Readings:

Cynthia Morrison Phoel. "Leading Words: How to Use Stories to Change Minds and Ignite Action"

Jeffrey Pfeffer and Robert I. Sutton. "Change or Die? An Evidence-Based Approach to Change Management."

Lecture: Introduction to the Course

Session 2 - 10th September 2012: Leading Change I

Readings:

John Kotter, 2002. "The Heart of Change." *The Heart of Change*. Boston: Harvard Business School Press, 1 – 14.

Case:

Morgan Stanley: Becoming a "One-Firm Firm"

Session 3 - 12th September 2012: Your Own Change Leadership Journey

Readings:

Richard Boyatzis and Annie McKee. "Intentional Change: The Leader's Journey to Renewal."

Robert Redford, Bronwyn Fryer, and Debra Meyerson. 2002. "Turning an Industry Inside Out: A Conversation with Robert Redford." *Harvard Business Review*, May.

Exercise: Your own change leadership journey (*please come prepared to present your views in class*)

Preparation Brief: Reflect upon your own past experience in a specific organizational change setting. What did you observe and what was your experience? How successful was the change effort? What led to these particular results? What lessons did you learn from this experience?

*******Your Change Leadership Journey Due Today: on Canvas*******

Please upload a one page document to Canvas summarizing your change leadership journey to a folder by that name. While this document will not be graded, it will help you to organize your own thoughts prior to the class, and also give me a flavor of the mix of change related experiences available in the group.

Session 4 - 17th September 2012: Leading Change II

*******Project Team Names Due Today: on Canvas*******

Readings:

Are You Change-Ready? Preparing for Organizational Change

Daniel Goleman; Richard Boyatzis. "Social Intelligence and the Biology of Leadership."

Case:

Merck: Conflict and Change

PART 2: CHANGE STRATEGIES

Session 5 - 19th September 2012: Managing Cultural Change

Readings:

Ram Charan, 2006. "Home Depot's Blueprint for Culture Change." *Harvard Business Review*, April, 1 – 10.

Case:

Putnam Investments: Rebuilding the Culture

Session 6 - 24th September 2012: Managing a Merger

Readings:

Rebuilding After the Merger: Dealing with Survivor Sickness

Case:

The DaimlerChrysler Merger (A) & (B)

Session 7 - 26th September 2012: Managing a New Organizational Form

Readings:

Carlos Ghosn, 2002. "Saving the Business without Losing the Company." *Harvard Business Review*, January.

Case:

The Renault-Nissan Alliance in 2008: Exploiting the Potential of a Novel Organizational Form

Session 8 - 1st October 2012: Managing Corporate Transformation I

******One Page Project Outlines Due Today: on Canvas******

Readings:

Gary Hamel, 2001. "Waking Up IBM: How a Gang of Unlikely Rebels Transformed Big Blue." *Harvard Business Review*, April.

Case:

IBM Corporation Turnaround

Session 9 - 3rd October 2012: Managing Change in Professional Services

Readings:

Richard T. Pascale and Jerry Sternin, 2005. "Your Company's Secret Change Agents." *Harvard Business Review*, May, 1 – 10.

Case:

Memorial Sloan Kettering Cancer Center (A), (B), (C) & (D)

Guest Speaker: Dr. Jim Dougherty, former Deputy Physician in Chief, Memorial Sloan Kettering Cancer Center, and Venture Capitalist, Arcus Ventures, New York

Session 10 - 8th October 2012: Managing Corporate Transformation II

Readings:

Karen Lehman and Marty Linsky. "Using Conflict as a Catalyst for Change."

Case:

Gordon Bethune at Continental Airlines

Session 11 - 10th October 2012: Managing Growth

Readings:

Brian Pitman, 2003. "Leading for Value." *Harvard Business Review*, April.

Case:

Research in Motion: Managing Explosive Growth

Session 12 - 15th October 2012: Managing Transformation in a Non-Profit Organization

Readings:

Jim Kelly and Julia Kirby. 2002. "Reinvention with Respect: An Interview with Jim Kelly of UPS." *Harvard Business Review*, March.

Case:

The Nature Conservancy

Session 13 - 17th October 2012: Building the Customer Centric Organization I

Readings:

W. Chan Kim and Renee A. Mauborgne, 2003. "Tipping Point Leadership." *Harvard Business Review*, April.

Case:

Cisco Systems: Building and Sustaining a Customer-Centric Culture

*****Fall Break: 22nd-23rd October 2012*****

**Session 14 - 24th October 2012: Organizational Change Narratives II
Managing Business Process Outsourcing**

Readings:

John Hagel III and Marc Singer. 1999. "Unbundling the Corporation." *Harvard Business Review*, March.

Henry Chesbrough and David J. Teece. 2002. "Organizing for Innovation: When is Virtual Virtuous?" *Harvard Business Review*, August.

Larry Huston and Nabil Sakkab, 2006. "Connect and Develop: Inside Procter & Gamble's New Model for Innovation." *Harvard Business Review*, March.

Guest Speaker: Prof. Ravi Aron, Carey School of Management, Johns Hopkins University

Session 15 -29th October 2012: Managing an Acquisition

Readings:

"Leading Change from the Top Line: An Interview with Fred Hassan." *Harvard Business Review*, July-August.

Case:

Polycom Inc.: Visualizing Culture

Session 16 - 31st October 2012: Change Lessons From a Technology Genius: Steve Jobs and Apple

Readings:

Part 1 of the CBS 60 Minutes interview on 10/23/2011:

<http://www.cbsnews.com/video/watch/?id=7385688n&tag=contentMain;contentAux>

Part 2 of the CBS 60 Minutes interview on 10/23/2011:

<http://www.cbsnews.com/video/watch/?id=7385684n&tag=contentMain;contentAux>

Text and video of Steve Jobs' commencement speech at Stanford Business School:

<http://news.stanford.edu/news/2005/june15/jobs-061505.html>

<http://www.youtube.com/watch?v=D1R-jKKp3NA>

Other background material from 60 Minutes:

http://www.cbsnews.com/8301-18560_162-20124391/steve-jobs-revelations-from-a-tech-giant/?tag=contentMain;cbsCarousel

Biographical background stories on Steve Jobs:

http://www.businessweek.com/magazine/the-beginning-19551985-10062011.html?campaign_id=rss_topStories

http://www.businessweek.com/magazine/the-wilderness-19851997-10062011.html?campaign_id=rss_topStories

http://www.businessweek.com/magazine/the-return-19972011-10062011.html?campaign_id=rss_topStories

http://www.businessweek.com/magazine/eric-schmidt-on-steve-jobs-10062011.html?campaign_id=rss_topStories

Session 17 -5th November: Managing Radical Organizational Change I

Readings:

Charles A. O'Reilly III and Michael L. Tushman, 2004. "The Ambidextrous Organization." *Harvard Business Review*, April.

Case:

Charles Schwab & Co. Inc. (B) in 2003

Charles Schwab Corporation in 2007

Session 18 -7th November 2012: Leading Change III

Readings:

Donald N. Sull, 1999. "Why Good Companies Go Bad." *Harvard Business Review*, July-August.

Case:

Comcast New England: A Journey of Organizational Transformation

*******Project Report Draft Due on Wednesday, 7th November 2012: on Canvas *******

Session 19 -12th November 2012: Managing Corporate Transformation III

Readings:

Samuel J. Palmisano, 2006. "The Globally Integrated Enterprise." *Foreign Affairs*, May-June.

Case:

Leaders Who Make A Difference: Sam Palmisano's Smarter IBM

Video:

Leaders Who Make A Difference: Sam Palmisano's Smarter IBM: Day 1

Session 20 -14th November 2012: Organizational Change Narratives III

Readings:

The Chairman's Letter to Stockholders from the 2010 IBM Annual Report
(*Canvas*)

Generating Higher Value at IBM (*Canvas*)

Guest Speaker: Steven Kloeblen, Vice President, Business Development, New Growth Platforms, IBM

Session 21 -19th November 2012: Building the Customer Centric Organization II

Readings:

Andy Law and Diane L. Coutu. 2000. "Creating the Most Frightening Company on Earth: An Interview with Andy Law of St. Luke's." *Harvard Business Review*, September

Case: Corporate Solutions at Jones Lang LaSalle

Session 22 -21st November 2012: Organizational Change Narratives IV

Readings:

"Leading Change when Business is Good: An Interview with Samuel J. Palmisano." *Harvard Business Review*, December 2004.

Case:

Cognizant Technology Solutions

Guest Speaker: Curt Girod, Vice President, Banking and Financial Services, Cognizant

Session 23 - 26th November 2012: Organizational Change Narratives V

Guest Speaker: Prof. Tom Gerrity, Department of Management, former Dean, The Wharton School

Session 24 - 28th November 2012: Leading Change IV

Readings:

Jeffrey R. Immelt, Vijay Govindarajan, and Chris Trimble. "How GE is Disrupting Itself." *Harvard Business Review*, October 2009

Steven E. Prokesch. "How GE Teaches Teams to Lead Change." *Harvard Business Review*, January 2009

"Growth as a Process: An Interview with Jeffrey R. Immelt." *Harvard Business Review*, June 2006

Case:

GE's Two Decade Transformation: Jack Welch's Leadership

Session 25 - 3rd December 2012: Project Reports I

Group Presentations: In Class Project Team Presentations

Session 26 - 5th December 2012: Project Reports II

Group Presentations: In Class Project Team Presentations

*******Final Project Reports Due Today before class: on Canvas*******

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5. Intentional Change: The Leader's Journey to Renewal (2633BC)
6. Turning an Industry Inside Out: A Conversation with Robert Redford
7. Are You Change-Ready? Preparing for Organizational Change (7126BC)
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18. Your Company's Secret Change Agents (R0505D)
19. Memorial Sloan Kettering Cancer Center (A), (B), (C) & (D)
20. Using Conflict as a Catalyst for Change (U0804E)
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35. Why Good Companies Go Bad (99410)

36. Comcast New England: A Journey of Organizational Transformation (9-908-405)
37. The Globally Integrated Enterprise
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42. Cognizant Technology Solutions
43. How GE is Disrupting Itself (R0910D)
44. How GE Teaches Teams to Lead Change (R0901J)
45. Growth as a Process: An Interview with Jeffrey R. Immelt (R0606C)
46. GE's Two Decade Transformation: Jack Welch's Leadership

