THE WHARTON SCHOOL

DEPARTMENT OF MANAGEMENT

Spring 2014

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Office Hours:	**MW 10:30am-12 noon or by appointment**
Course:	**MGMT 773, Managing Organizational Change**
Class Times:	**MW 1:30pm-2:50pm**
Location:	**JMHH F65**

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 <u>bulk pack</u> 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 a design a quite personalized learning experience, with plenty of air time for every student.

An integral part of the course grade will evaluate the <u>quality</u> 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 <u>minimum</u> 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:

♦ The Failure of Organizational Change at Sony Corporation (2005-2012)
♦ Qwik and Hasty Change at Netflix
♦ Exploring Change at National Geographic Society
♦ Google's Acquisition of Motorola Mobility
♦ Duke Buys Progress: The Twenty Minute CEO
♦ Grupo Bancolombia
♦ 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
♦ Baltimore Clayworks: Assessing a Time of Change
♦ Leading the Deal From Hell: Bank of America and Merrill Lynch
♦ Creating the American Lung Association: From TB to Clean Air
♦ FedEx Buys Kinko's, Copies UPS
♦ Turbulence at HP
♦ 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
- Procter & Gamble's Acquisition of Gilette
- 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
- Turnaround of Xerox Corporation (2000-2005)
- The Turnaround of Tyco: How Ed Breen Saved a Company on the Brink
- 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 six person project teams (the final 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 <u>Wednesday, January 29th, 2014</u> I would like every project group to provide me with names of their project team members.

By *Wednesday, February 12th, 2014* I would like to have all project teams provide me with a one page project outline. If needed, I will be available to discuss project topics and provide suggestions before this.

By *Wednesday, March 26th, 2014* 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. I am also open to draft reports as Word documents.

The <u>final project reports </u>will be <u>due by 1:30pm </u>on *Monday, April 30th, 2014*, the last day of class for our course, and you should upload it to *Canvas*.

During the last two class sessions, on *April 28th and 30th*, 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 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 - 15th January 2014: 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 - 22nd January 2014: 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 - 27th January 2014: Your Own Change Leadership Journey

Readings:

Richard Boyatzis andAnnie 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 and bring one hard copy to share in paired class discussions. 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 - 29th January 2014: 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 - 3rd February 2014: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 - 5th February 2014: Organizational Change Narratives I

Guest Speaker: Dr. G.K Jayaram, Ph.D. (UCLA), "How to help an Elephant Make a U-Turn: Leadership & Transformational Change in the 21st Century"

For a profile, see: http://www.ilid.org/

Session 7 - 10th February 2014: Managing a Merger

Readings:

Rebuilding After the Merger: Dealing with Survivor Sickness

Case:

The DaimlerChrysler Merger (A) & (B)

Session 8 - 12th February 2014: Managing a New Organizational Form

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

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 9 - 17th February 2014: Managing Corporate Transformation II

Readings:

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

Case:

Gordon Bethune at Continental Airlines

Session 10 - 19th February 2014: Managing Corporate Transformation I

Readings:

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

Case:

IBM Corporation Turnaround

Session 11 - 24th February 2014: Managing Change in Professional Services

Readings:

David A. Garvin and Michael A. Roberto, 2005. "Change through Persuasion." *Harvard Business Review*, February, 1 – 9.

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 12 - 26th February 2014: Managing Growth

Readings:

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

Case:

Research in Motion: Managing Explosive Growth

Session 13 - 3ʳᵈ March 2014: 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 14 - 5th March 2014: 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. Saikat Chaudhuri, Department of Management, Wharton School

***************** Spring Break: 8th-16th March 2014*****************

Session 15 - 17th March 2014: 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

Session 16 - 19th March 2014: 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 17 - 24ᵗʰ March 2014: 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 18 - 26th March 2014: Managing Radical Organizational Change I

*****************Project Report Draft Due today: on Canvas ******************

Readings:

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

Case:

Charles Schwab & Co. Inc. (A) in 1999

Session 19 -31st March 2014: Organizational Change Narratives III

Readings:

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

Case:

Cognizant Technology Solutions

Guest Speakers (invited): Curt Girod, Vice President, Banking and Financial Services, Cognizant Technologies

Session 20 -2nd April 2014: 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 (to be screened during class):

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

Session 21 -7ᵗʰ April 2014: Organizational Change Narratives IV

Readings:

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

IBM- Delivering Performance Through Continuous Transformation (*Canvas*)

The R-O-I of Globally Integrated Operations (*Canvas*)

Guest Speaker: James L. Dolan, Partner, Strategy & Transformation, IBM Corporation

Session 22 -9th April 2014: Leading Change III

Readings:

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

Case:

Comcast New England: A Journey of Organizational Transformation

Session 23 - 14ᵗʰ April 2014: 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 24 - 16th April 2014: 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 - 21st April 2014: Review Session & Summing Up

Session 26 - 23rd April 2014: Preparation time for Final Project Reports and In Class Presentations

Session 27 - 28th April 2014: Project Reports I

Group Presentations: **In Class Project Team Presentations**

Session 28 - 30th April 2014: Project Reports II

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

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