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Theme Paper
Organisational Transformation: the Concept and Issues

GJIMT Research Team

The kind and nature of challenges being faced by organisations today are vastly different from what was the case a few years back. The plethora of competitive products, dynamic changes in technology, an increasingly aware and educated customer, activism of media, etc. are forcing the organisations to rethink and realign their business strategy. Previous managerial experience of facing the environmental change may not be effective, and can no longer serve as a guide to manage the large-scale organisational challenges being faced by business institutions currently. In order to sustain and grow, it is important for an organisation to change and respond to these challenges in an effective manner.

The Change
One of the few constants of life is change. A change is generally a shift from the current state to a different state, and may be act, process or result of an alteration or modification. In fact, anything that appears as new or novel is labelled as change. From the business point of view, there may be changes in the market, legal and regulatory conditions. An organisation can experience shifts in respect of profile, tastes and preferences of customers; product features offered by competitors; government policies; etc. which are beyond the control of the organisation. Such changes are external to the organisation and are known as environmental changes. In response to the changing environmental conditions, the management of the organisation may be forced to plan changes within the organisation. Such changes are known as organisational changes. Further, change in an organisation may range from an incremental and evolutionary shift to a revolutionary shift in the systems, procedures, policies and processes. The degree of change is important to categorise any change as evolutionary or revolutionary. Evolutionary change is bringing small, slow and step-wise changes in the organisation, and may affect only a part of the organisation. Incremental change describes a prolonged period of growth where no major upheaval occurs in organisation practices. Such change may not require change in the basic character, core values or culture of the organisation. On the other hand, revolutionary change, also called as transformation is a change at a large magnitude and affects all parts and levels of the organisation. It describes a period of substantial turmoil in the organisation.

The Organisational Transformation
It is being increasingly felt that small and incremental organisational changes may not be appropriate to manage the business challenges. The pace of environmental changes being faced in today's dynamic business world has forced the business managers to bring transformation in their oganisations. Organisational transformation is often brought about as a result of changes in the external environment that impact the organisation at a deep structural level. It is defined as a process of profound and radical change that orients an organisation in a new direction and takes it to an entirely different level of effectiveness. There is little or no resemblance with the past configuration or structure (http://www.businessdictionary.com). Organisational transformation involves reconfiguration ofcomponents of an organisation, and refers collectively to such activities as reengineering, redesigning and redefining business systems. There is an intentional shift from the current state to the desired state, and a fundamental change in the organisation. The fundamental shift aims at meeting long-term objectives of an organisation. Organisational transformation leads to an embedded and marked change in the organisation values, and a journey to continuous change. It may entail

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change not only in the basic character and core values of the organisation, but also in the capability, thinking and behaviour of the employees and management of the organisation. Organisational Transformation is required to be well-led and well-planned so as to ensure that changes across various levels within the organisation may be coordinated. The management has to ascertain that proposed changes, and the actions required may not hamper with the on-going activities of the organisation. Further, it is important for an organisation to manage the dynamics of the change process, human response to such changes, resources for change, and determinants of a successful transformation change. The employee education and acceptability to the proposed changes and the resulting benefits are vital in this regard. Every sphere of functioning, systems as well as procedures of an organisation may be examined for transformation, regardless of whether it is actually changed or not. This may include transformation in recruitment and compensation system, transfer policy, organisation structure, job descriptions, roles and responsibilities, products and services, business model, business strategy, fund mobilization and deployment policy, budgeting, etc.

Organisational Transformation: From Evolution to Revolution

Hill and Collins (2000) have presented a tentative model (Figure-1) of organisational transformation, which has both descriptive and analytical properties. The model tries to explain the concept of organisational transformation in light of various transition states from evolutionary to revolutionary phase.
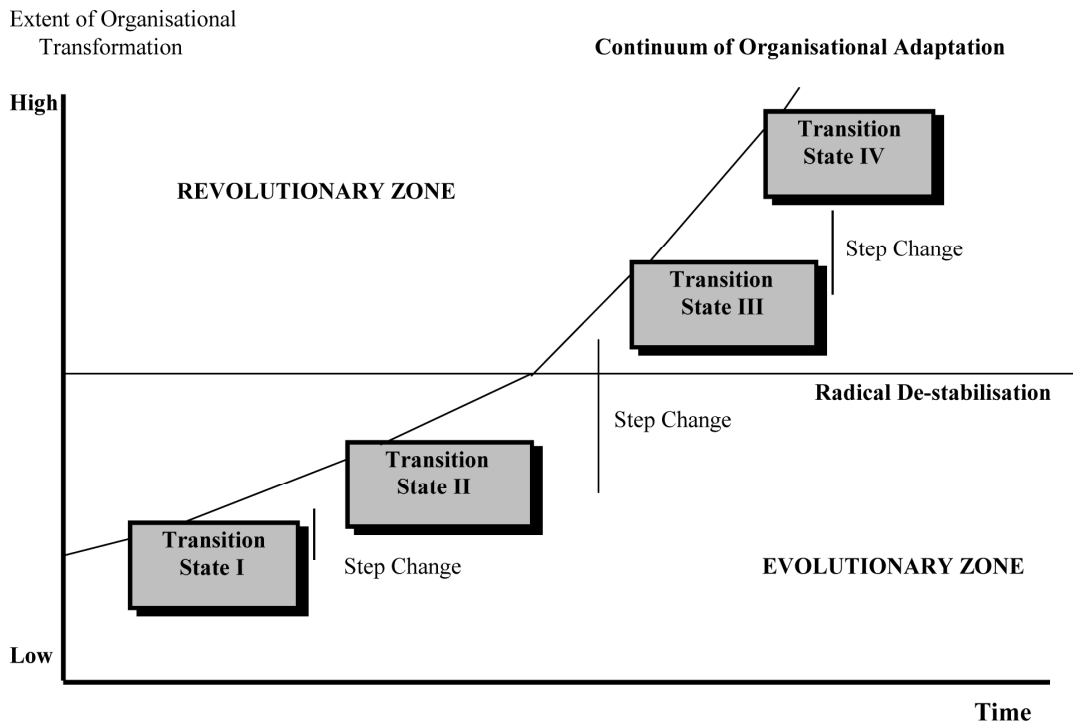

Figure- I: Model of Organisational Transformation

The model comprises of four key transition states which are plotted against time and extent of organisational transformation. The evolutionary and revolutionary zones are separated by a line of radical de-stabilisation. Each state is joined by a continuum of organisational adaptation, which steepens as organisational learning increases. The transition states are separated by step change of varying degrees of magnitude. As can be seen from the figure,

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the greatest step change is entailed for organisations moving from the evolutionary zone (state II) to the revolutionary zone (state III).

Transition State I: The model explains that in state I, the external environment is not changing at a rapid pace and is relatively stable. It is to be noted that rate of change in the external environment is manageable for an organisation. The impact of technological development is modest. Technological changes in the industry generally have a focus on automation, cost cutting and increasing organisational capacity (Venkatraman, 1994). The use of information technology is operational and simplistic. The company vision is not long-term and generally dominated by the chief executive's individualistic vision. Codes of conduct, behaviours and values permeate the entire organisation. The organisational structure will probably be hierarchical, and decision making centralised and deterministic. Learning within organisation is only concerned on what is currently being carried out within the organisation. Errors in current systems are detected and corrected. Management recognises the importance of incremental changes for short-term success and may initiate process improvements at this stage. There may be focus on quality assurancefor example ISO 9000, cost of quality, awareness of customer demands and benchmarking in order to achieve operational efficiency.

Transition State II: Transition state II reflects a more complex and less predictable external environment as compared to state I. There will be perceived competitive threats which may be influenced to a greater extent by technological development. Hence, organisation vision has to be more long-term than that described in state I. The change is generally evolutionary and focuses on team building and process orientation (Davidson, 1993; Burdett, 1994; Gould, 1996). This team-based culture should be supported by a flatter, more organic organisational structure as compared to state I. Organisational effectiveness hinges on the capacity to balance the conflicting goals of stability and reliability with those of exploration and innovation, involving both the exercise of control and a capacity to learn (Sitkin*et al*., 1994). Total quality control (TQC) and total quality learning (TQL) are proposed to be more appropriate in non-routine situations in state II. TQC enables efficient and effective exploitation of an organisation's existing resources and capabilities, and TQL focuses on improvement of learning and ability enhancement. Small scale redesign/ reengineering projects may be undertaken, but due to their limited depth and width, dramatic improvementswill be restricted to small areas. Communication technologies are important. Use of information technology is predominantly facilitative. With continuous improvement, the management style becomes more facilitative. The manager's role includes team building and helping subordinates to develop problem-solving skills. The employees not only learn the current process but also attempt to improve them. Outcomes and goals include increased customer satisfaction, and reduction of waste and errors in the system. A virtuous circle of improvement may be established.

Transition State III: At this transformation stage, the environment is becoming highly competitive, complex and turbulent. There are rapid technological developments in the industry. These external dynamics force the organisation to be flexible, and adopt long-term and evolving vision as compared to state I and II. In such uncertainty, it is important that this vision is shared across various cultures within the organisation and inspires people to challenge the status quo. Employees may question dominant mindsets, beliefs, procedures and structures. There is acknowledgement of the tension between evolution and revolution, between conservation and innovation (Sitkin*et al*., 1994). The organisation may be prompted to abandon the existing values, routines and systems in an attempt to embrace a culture of continuous improvement. Management focuses corporate energies on creativity in response

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to increasing complexity and turbulence in the external environment (Gould, 1996). The process change mode involves continuous improvement, probably in the form of total quality learning and business process reengineering. The structure is redefined to embrace a process orientation through multi-tasked and multi-skilled cross functional teams. The use of information technology is strategic in nature. Change occurs on a project by project basis. Management aims to overcome perceived crisis, and provide competitive advantage or market leadership (Hammer and Champy, 1993). Changes initiated contribute to a self perpetuating improvement cycle embodying evolutionary and revolutionary change.

Transition State IV: Only very small number of organisations may reach this level of transformation. Here, the external environment will be highly complex, turbulent and unpredictable. People are empowered within a culture that fosters multiple values, beliefs, and codes of conduct. The change vehicles are likely to be organisational learning and knowledge management (Davenport *et al*., 1996). Human resource initiatives can greatly facilitate this learning. Developmental initiatives, new measurement and compensation systems, extensive communication, redefinition of performance standards and the like will be vital in state IV. In this state, learning is generative whereby the organisation expands its capacity to create its own future (Senge, 1990). Computer modelling can be used to continually reassess the organisational vision of the future. Management conceives changes by reframing assumptions through experimentation rather than explicit planning (Burdett, 1994). Exercises in envisioning a future business state can be extremely helpful as change can then be initiated in highly local ways. Temporary groups, structures and technologies enable it. Transition to this state will be driven by information technology which is used strategically to empower organisational members to perform complex tasks quickly and effect the necessary changes. There is diffusion of leadership, the interchangeability of leaders being dictated by the possession of project management and other skills. The goals of such an organisation are market domination and total flexibility across elements such as structures, leadership, and intra and inter-organisational relationships.

Organisational Transformation: Types and Strategies
Generally organisational transformation involves:
1. Improving Operation: Improvement in operation aims to achieve a quantum improvement in the firm's efficiency, often by reducing costs, improving quality and services and reducing development time.
2. Strategic Transformation: The process of changing strategy seeks to regain a sustainable competitive advantage by redefining business objectives, creating new capabilities and harnessing these capabilities to meet market opportunities.
3. Corporate Self-Renewal: Self-renewal creates the ability for a firm to anticipate and cope with change so that strategic and operational gap does not develop.

Given below are the strategies to transform organisation:
1. Transformation through Values: In the changing business environment, values are guiding force for the companies. A value to individual is purpose and meaning of life. Values to an organisation are foundations of culture. Organisation should choose values i) compatible with society's core values, ii) based on sublimation of basic human urges, and iii) compatible with purpose and operating context.
2. Transformation through Organisation Development: Most people and organisations are not prepared for the vastly accelerated pace of change. Organisational development (OD) appears to be one of the primarily methods for this. The basic thrust behind OD is that the world is rapidly changing and that the organisations must follow suit. The changes taking place in the environment make it necessary to revitalise and rebuild organisations. The only

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way to transforming organisations lies in changing the climate of the organisation. A new social awareness is required by people in organisations.

3. Transformation through Reengineering: Reengineering is revolutionary, challenging the operation and even existence of fundamental processes. It not only improves the old way of doing business but also seeks to create a new and better way.

4. Transformation through McKinsey's Plan: It is a ten-point blueprint for an organisation.

a) Organise primarily around process, not task.

b) Flatten the hierarchy by minimising subdivision of processes.

c) Give senior leaders charge of processes and process performance.

d) Link performance objectives and evaluation of all activities to customer satisfaction.

e) More teams, not individuals, the focus of organisation performance and design.

f) Combine managerial and non-managerial activities as often as possible.

g) Emphasise that each employee should develop several competencies.

h) Inform and Train people on a just-in-time, need to perform basis.

i) Maximise supplier and customer contact with everyone in the organisation.

j) Reward individual skill development and team performance instead of individual performance alone.

5. Transformation through Competitive Benchmarking: Benchmarking is the continuous process of measuring products, services and practices against the toughest competitions or those companies recognised as industry leaders.

6. Transformation through Six Sigma: It is the statistical parameter used to describe variation. It can be described as going from approximately 35,000 defects per million operation to not more than 3 defects per million. Itspeaks the language of business and focuses on achieving tangible results. It uses an infrastructure of highly trained employees from various sectors of the company.

7. Transformation through Kaizen Principle which emphasizes small improvements, conventional knowledge, and personal involvement.

(Samantaray, 2006)

Organisational Transformation: Challenges and Reasons for Failure
An organisation is confronted with variety of challenges while undergoing transformations. At times, the transformation efforts don't yield the expected results due to failure on the part of organisations to manage these challenges. Transformation efforts may fail due to variety of reasons as discussed below:

Failure to Involve Employees in the Transformation Process: Employees must believe that their opinions have been heard and given careful respect and consideration. Open and frequent communication is essential to effective transformation management. Inability of management to involve employees in the transformation process is a major cause of disappointing results with organisational renewal. Organisational transformation is less successful when top management fails to keep employees informed about the process of transformation. More substantive forms of participation in the transformation process in the form of decision-making tend to be associated with higher commitment. In order to participate, employees must be abreast with the necessary information. Participation provides opportunities to receive more information. Without proper information, organisational members can hardly be involved in the transformation effort. Employees should not get their information through the grapevine. Lack of information and rumours make it easier to conclude that the transformation effort is failing, and this decreases the commitment of employees to the transformation process. Information and involvement in the decision-making are two important elements in the participation process. When impacted individuals

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do not receive the information about the benefits and impact of the transformation, they are circumspect about the transformation.

Resistance to Transformation and lack of Participation by Employees: Organisations face strong resistance to transformation. Many employees are inherently cynical about transformation and means to accomplish major organisational transformation. It is a tremendous task to convince need for the transformation to people in the organisation. Majority of them do not find any fault with the way things are being managed in the organisation, and they fail to understand how organisation can benefit through transformation. There is fear and apprehension about the transformed scenario in the organisation after transformation. It is an uphill task for management to enable such people to understand the rationale behind transformation. There may be conflict with the established behaviour patterns, work norms, systems and cultural norms. Transforming an organisation can be incredibly difficult because many people must change their beliefs, values, and actions quickly and completely for an organisational transformation to occur and sustain. The human beings and organisations have a tendency to resist transformation and act to maintain the existing conditions. Employee's resistance to transformation has grave implications for the organisation as employees play an important role in the success of firm's transformation. Hence, it is a very important factor to be considered during organisational transformation program. The extent of employee's resistance may range from lack of interest, negative perception and attitude, and strong opposing views, to; overt blocking behaviour, violent strikes, and boycotts. Hence, convincing the people for need to transform and acting on it can be difficult decisions for leaders and managers to make. Resistance is a natural defence mechanism for those 'losing' something. Reasons for resisting transformation are varied. The reasons could include perceived loss of security, money, pride or satisfaction, friends, freedom, responsibility, authority, good working conditions, status, lack of respect, objectionable manner, etc. Causes of employees' resistance to transformation can be divided in different categories as follows:

- Psychological- Employees negative perception, frustration, anxiety, preference towards status quo, cognitive comfort, fear, past failure, cynicism or mistrust in top management/owner (Kreitner, 1992; Dubrin and Ireland, 1993)
- Materialistic- Loss of pay, comfort, status, and threat to job security (Dent and Goldberg, 1999)
- Employees' Constant Capabilities - Employee's skills (existing), knowledge and expertise getting obsolete i.e. capabilities gap, embedded routines (Lawrence, 1986; Val and Fuentes, 2003)
- Employees Concern for Firm - Faults and weaknesses in transformation program and belief that transformation is not good for the firm or employees (Dubrin and Ireland, 1993).

In fact, organisational transformation disturbs the status quo. It causes workforce to come out of their comfort zones and forces them to adapt to the new ways and means during the process of transformation. Even if desired changes are instituted successfully, challenges remain in sustaining them. People and organisations tend to revert back to older, familiar behaviours and attitudes. In short, transformation, once effected, must be institutionalized to endure.

Inability to Manage Diversity and Human Emotions: Line managers have to translate the general goals of organisational transformation efforts into specific departmental objectives. Organisational transformation often implies a change in the tasks of line managers, their personal leadership style and their social relations with subordinates. The leadership style of

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line managers during the transformation process remains an important element to be monitored during the transformation process. The active support, the ability to confront the new challenges and the ability to support subordinates adequately are all crucial elements of this line leadership. Line managers are taught to manage processes and resources effectively. They are enabled for sales management, cost management, achieving optimization and getting the best out of available resources, human resource management, etc. But rarely, managers are expert at managing people's anxiety, confusions and concerns during the transformation process. The managers are not adept at understanding apprehensions, emotions and mindset. Transformation involves management of excitement and engagement of the people within the organisation. These are emotions that most managers find difficult to deal with or address. As organisations undergo major transformations necessary for survival and growth, individual lives are also transformed. The success of an organisational transformation largely depends on the employees' ability to integrate the changes. Progressive managers need to understand that successful passage through the transition cycle is contingent upon management of individuals to align with the new direction. A major challenge for managers during the process of transformation is to get the requisite skill-set to enable them to manage emotions of people within the organisation so that it is possible to maintain the productivity while experiencing transformative change. It has to be understood that managing the transformation process and transition emotions is fundamental to the success of a transformation-oriented project.

Poor Project Planning: While planning for the transformation, it is necessary to understand the existing capabilities and resources the organisation has. Project planning that fails to synthesise the existing resources with the future resource requirement during the process of transformation is bound to doom. McKinsey & Co (2006), Shaffer & Thomson (1998), and Corporate Leadership Council (CLC, 2001) cite studies of hundreds of companies that entered significant change programs. Their research indicates that 60% -70% of significant and complex change management programs have to be stopped because of their failure to produce the hoped-for results. The research identified that failure was not necessarily due to poor technical solutions; it was the result of poor project planning and transformation management. Often there are conflicting goals within the organisation, for example, increasing resources to accomplish goals yet cutting costs to remain viable. These conflicting goals may confuse the employees and leave them directionless. Project planning should clear address these issues.

Lack of Support from Top Management: Top management behaviour is an important component in the transformation process. If transformation is not led from the top it will not happen. Establishing and communicating a need to transform is one of the first important steps to follow in implementing transformation. In major changes, the head of the organisation is key in this communication process. At times, the top management would not want to accept that a change is required as that shows them in bad light in terms of poor management. Most of the times, it is the management who needs to change their management approach to make the change successful. They are the ones with the highest influence on the rest of the company in terms of motivation, changing work culture, giving direction by setting goals and targets, clear deliverables and overall a clear communication to the organisation that change is the need of the hour. Organisational members will not take transformation efforts seriously, if top management does not actively support the transformation process. The development of a sense of urgency and a vision that is relatively easy to communicate and appeals to employees is an important element in this process. If employees get the feeling that those in power lose interest in the ongoing process, their belief in the transformation efforts will fade out.

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Inability to Properly Allocate Time to Transformation and Routine Tasks: Time plays at least in two ways a central role in the change process. First, implementation of change goes through different phases. These phases take time. Second, major change efforts demand hard work, permanent attention and perseverance. When organisational members are faced with many changes at the same time, they cannot allocate their time properly to all of the changes and continue their daily tasks at the same time. There is not enough time to test the recommendations and to explore new behaviours. In the end, the change project fails and employees become cynical towards the announcements of new change projects.

Enabling Organisational Transformation
In order to enable organisational transformation, the organisation has to break from the past. The Board of the organisation may introduce entrepreneurial outsiders with targeted expertise. Attempt should be made to remove the blockers, rotate managers and give chance to young managers who are fresh and not influenced by organisational heritage. Not everything that worked in the past needs to be thrown away. This will vary from company to company. It may be appropriate to leverage customer relationships, a strong R&D department, or the latent enthusiasm of organisational members for participating in new initiatives. Breaking from the past should be aligned with managing the present. Leadership style has to be varied as appropriate. It is important to exploit best practices from the organisation and the industry. This will require knowledge acquisition, knowledge internalisation and knowledge dissemination. Organisation undergoing transformation will have to reconfigure, divest and integrate resources. This involves everything from streamlining business systems to removing non-aligned employees to consolidating new acquisitions operationally and culturally. The organisation aiming to transform has to also invest in future by empowering, motivating and enabling the employees to act. Organisation has to be engaged in exploration of new ideas and business practices. This can be achieved by encouraging innovation, trial and experimentation, and by developing a culture which encourages informed risk-taking and facilitates learning from mistakes. Exploration enables the organisation to develop new capabilities. Further, organisation needs to create a deliberate change in direction using new capabilities, whether that is in terms of new products, services, processes or business models. The combination of exploration and path creation will lead an organisation to "disruptive innovation" that will help it secure sustainable competitive advantage (Dixon, 2011).

Edmonson and Woolley (1999) state that "Organisation change starts with new behaviours and decisions on the part of individuals, who are influenced by proximal interpersonal factors as well as by organisation-level factors." In order to enable organisational transformation; the requisite climate has to be built at three levels: 1) the organisational level; 2) the work unit level and 3) the individual level (Devos*et al.,* 2002). Various factors at the three mentioned levels can have a cumulative effect on the change commitment of individuals. The imperatives at each of these levels are detailed below:

Organisational Level: At the organisational level, appropriate environment has to be created by the management for the transformation to occur. There should not be any scope for miscommunication and lack of trust. Schneider *et al.* (1996) have indicated that the decision process of top management plays an important role in the creation of a climate and culture for sustainable organisational change at organisational level. Mutual trust and the possibility to participate in the decision process are central in the development of a change-friendly climate. Managers, who are considered to be trustworthy and fair, establish credibility. This credibility is a prerequisite to introduce organisational changes. The willingness of people to

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transform is directly linked with the extent to which the top management's decision process is judged to be fair. Hence, there has to be two-way communication, the consistency of decisions across subsidiary units, the transparency of the decisions and environment to enable people to challenge top management views. Apart from trust in top management's decisions, the focus of rewards determines the climate for sustainable change (Schneider *et al.*, 1996). Burke and Litwin (1992) have proposed that the organisation's reward system is perhaps the most important subsystem of the organisation's policy and procedures. People do what they are rewarded for doing. Therefore pay-for-performance reward systems influence behaviour in the workplace. It is vital for organisations to offer rewards to those employees who achieve substantial results through change. The employees should be enabled to appreciate the benefits and rewards associated with the transformation process. Management should offer highest priority and support by indicating the benefits of change not only to the organisation's financials but also the employees such as hasslefree work environment, clear bonus and incentive structure and a growth path for high performers. Further, the top managers have to move very cautiously to overcome any doubt associated with the transformation based on previous failures during the process of transformation. The readiness to change is influenced by the track record of successfully implementing major organisational changes (Schneider *et al.,* 1996). If organisational changes have failed in the past, employees will be reluctant towards new change initiatives. A positive experience with previous change projects will stimulate the employees' commitment; a negative experience will inhibit their commitment. The researchers indicated that higher the preexisting level of cynicism about organisational change, the more executives need to confront and discuss previous failures before moving ahead.

Work unit Level: Work units or groups are the key elements in organisational change efforts rather than the organisation as a whole. Behavioural changes as a consequence of organisational transformation are affected by attitude of peers and immediate supervisor. Trust in top management and reward systems that stimulate risk taking behaviour at the organisational level, must be complemented with mutual trust and confidence in the subsidiary work units at the level of peer group and immediate supervisor. It is imperative on the part of management to ensure psychological safety for the workers so that they are confident that the work environment is safe for risk-taking during transformation. There should not be any apprehension in the mind of workers that they will be reprimanded or rejected if they make mistakes or speak up about difficult issues during the course of transformation. If subordinates believe that managers cannot be counted upon to provide help, then employees will find it very difficult to cope with changes productively. Further, apart from participation of employees in major change efforts, participation at work at a general level may impact motivation to large-scale changes (Schneider *et al.*, 1996). Research has indicated that participation can influence job attitudes and motivation. The scholars in the past have pointed out that employees who perceive their work environment as highly participative are more likely to anticipate being involved in decisions relevant to a pending change effort. Hence, organisations should ensure participative form of management and decision-making before starting with any transformation process within the organisation.

Individual Level: Locus of control of an individual is always perceived as one of the most influential personal characteristics affecting innovative behaviour. Rotter (1966) and his colleagues developed this concept. They defined locus of control as perception by the individual of his or her ability to exercise control over the environment. Those with an internal locus of control see themselves as active agents and believe they have control over their environment and their personal successes. Those with an external locus of control see

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themselves as relatively passive agents and believe that the events in their lives are controlled by external forces such as change and powerful others. It is imperative on the part of organisation to recognize people with internal locus of control. Organisations should develop and sustain individuals with internal locus of control. Appropriate training and education may be imparted to ensure that workers have self-confidence and belief. Further, people with a high job satisfaction are more motivated to support organisational transformation, independent of the way in which these changes are introduced and implemented. Research has found that positive views of organisational transformation are positively related to job satisfaction (Judge, *et al.*, 1999). Employees who find their jobs challenging and satisfying will have a positive attitude towards new changes. Hence, before starting with any transformation initiatives, organisations should aim to influence job satisfaction of the people in a positive way.

Given the balancing act of preparing for the future whilst still needing to negotiate the present, there is a growing appreciation in the field of organisational development that for organisational transformation to be truly effective, it needs to be supported by legitimate strategic thinking and planning, innovation and creativity, capacity building and training of employees, managing resistance to change, strategic communication, restructuring and re-engineering, enabling change through deployment of change agents, building trust, personal productivity and wellness of employees, stakeholder management, diversity management and emotions management during transformation, effective organisation transition models and strategy, transformational leadership and planning, etc.

Kotter's 8-Step Change Model for creating Major Change
There are many theories about how to "do" change. Many originate with leadership and change management guru, John Kotter. A professor at Harvard Business School and world-renowned change expert, Kotter (1995) introduced his eight-step change process.

Step 1: Create Urgency
For change to happen, it helps if the whole company really wants it. It is vital to develop a sense of urgency around the need for change. This may help spark the initial motivation in the organisation to get things moving. This isn't simply a matter of showing people poor sales statistics or talking about increased competition. There has to be identification of potential environmental threats and examination of market opportunities. This needs to be followed by an open, honest and convincing dialogue about the changes in the marketplace with the people in the organisation. Management has to really work hard on step 1, and spend significant time and energy building urgency, before moving onto the next steps.

Step 2: Form a Powerful Coalition of Change Agents
In order to convince people that change is necessary, strong leadership and visible support from key people within the organisation are required. Management needs to trace change agents throughout the organisation and form them into a team. Such leaders may not necessarily follow the traditional company hierarchy; rather they may derive power from a variety of sources like job title, status, expertise, and political importance. Once formed, this change coalition needs to work as a team, continuing to build urgency and momentum around the need for change.

Step 3: Create a Vision for Change
It is important to create a vision and strategy to help direct the change effort. A clear vision can help everyone understand why they are being asked to do something. When people see

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for themselves what organisation is trying to achieve, then the directives they're given tend to make more sense.

Step 4: Communicate the Vision

Frequent communication of vision to people within the organisation is vital. No opportunity to talk about vision should be left. It is important for the management to keep the vision fresh on everyone's mind so that they remember it and respond to it. Apply vision to all aspects of routine operations, and use vision on daily basis to make decisions and solve problems.

Step 5: Remove Obstacles

Management should look at the organisational structure, job descriptions, and performance and compensation systems to ensure that they are in line with the vision. Put in place the structure for change, and continually check for barriers to it. Removing obstacles can empower the people who are needed by the organisation to execute vision, and it can help the change move forward. Organisations should recognize and reward people for making change happen. Further, it is important to identify people who are resisting the change. Organisations should help them see what is needed. Actions should be quickly taken to remove human and other barriers.

Step 6: Create Short-term Wins

Organisations should attempt to create some visible successes as soon as possible. Nothing motivates more than success. Create short-term targets, and not just one long-term goal. Organisations should try to achieve results within a short time frame (may be a month or a year, depending on the type of change) so that staff may be convinced about the effectiveness of change and be further motivated to work towards change. Otherwise, critics and negative thinkers might hurt progress of the organisation to effect change.

Step 7: Build on the Change

Kotter argues that many change projects fail because victory is declared too early. Quick wins are only the beginning of what needs to be done to achieve long-term change. Launching one new product using a new system is great. But if 10 products can be launched, that means the new system is working. This is possible only if the organisation keeps looking for improvements in the production system for every product produced. Each success should be analysed to examine what went right and what needs improvement. Kaizen, the idea of continuous improvement may help organisations here.

Step 8: Anchor the Changes in Corporate Culture

The change has to become part of the core of the organisation. Management should make continuous efforts to ensure that change is seen in every aspect of the organisation. This will help change to embed in the organisation's culture. It is also important that leaders of the organisation continue to support the change. This includes existing staff and new leaders who are brought in. Create plans to replace key leaders of change as they move on. This will help organisations to ensure that their legacy is not lost or forgotten.

Conclusions

Organisational transformation is re-birth of the organisation. It is breaking from the past and moving into future with changed values, systems and procedures. In a radically changed external environment, an organisation cannot just replicate yesterday's practices and expect to achieve the success it had in the past. Yesterday's assumptions and practices may no longer be valid and may no longer work. Consequently, if an organisation has to survive and grow in the changed scenario, it must respond to new circumstances in a proactive, measured

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and agile manner. It may be concluded that organisational transformation requires strategic initiatives from the organisation think-tank. It is essential to understand when an organisation has to stop incremental and evolutionary growth, and plan for transformation depending upon the environmental conditions. Top management has to be convinced of the need for transformation and it should not see act of transformation as its failure. The existing environment within the organisation should provide scope to employees to appreciate the need for transformation and the benefits associated with such process. The management has to provide for open communication with the employees and involve them in the process of transformation. The apprehensions of the workers should be addressed in order to manage resistance to transformation. Managers have also to learn how to manage capabilities and emotions of the workforce during the process of transformation. Proper project planning should be envisaged to take care of issues associated with transformation. In order to enable transformation, an organisation requires imbibing a culture that questions conventional mindsets and fosters the ability to be self-critical. The organisation needs to be mature and creative to learn from, and act on what is discovered.

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