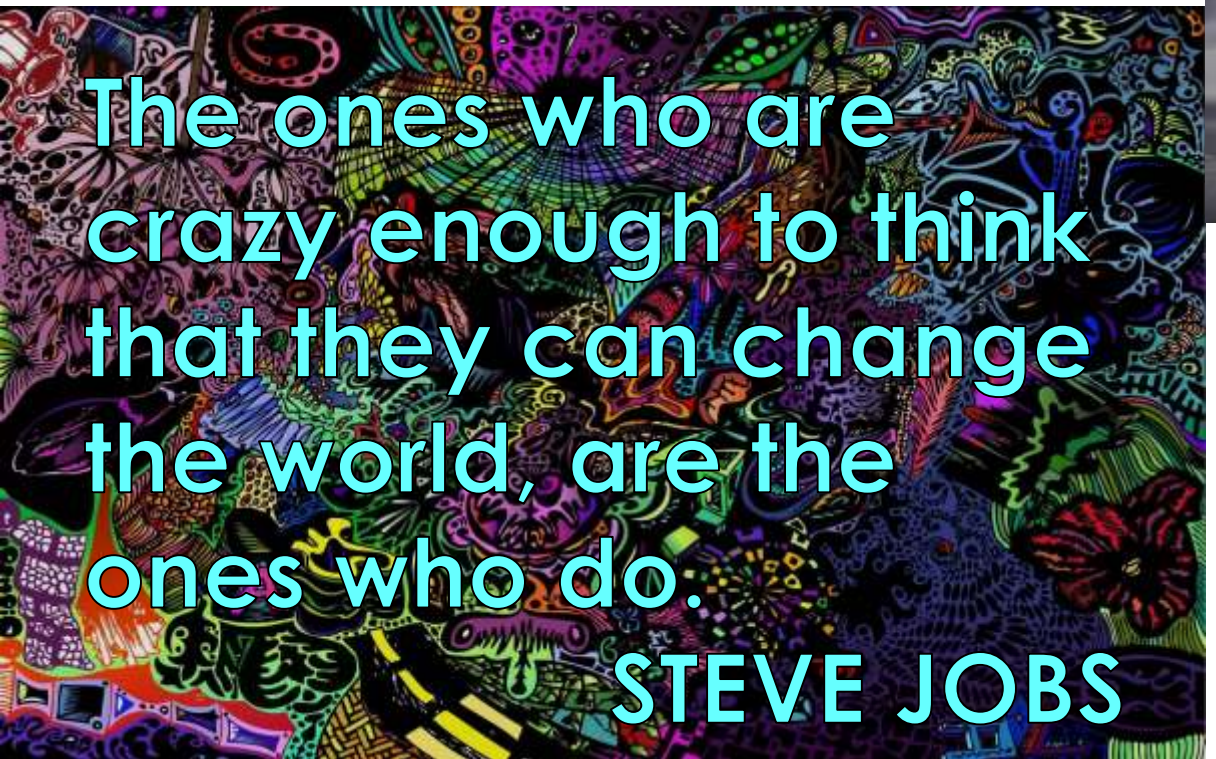
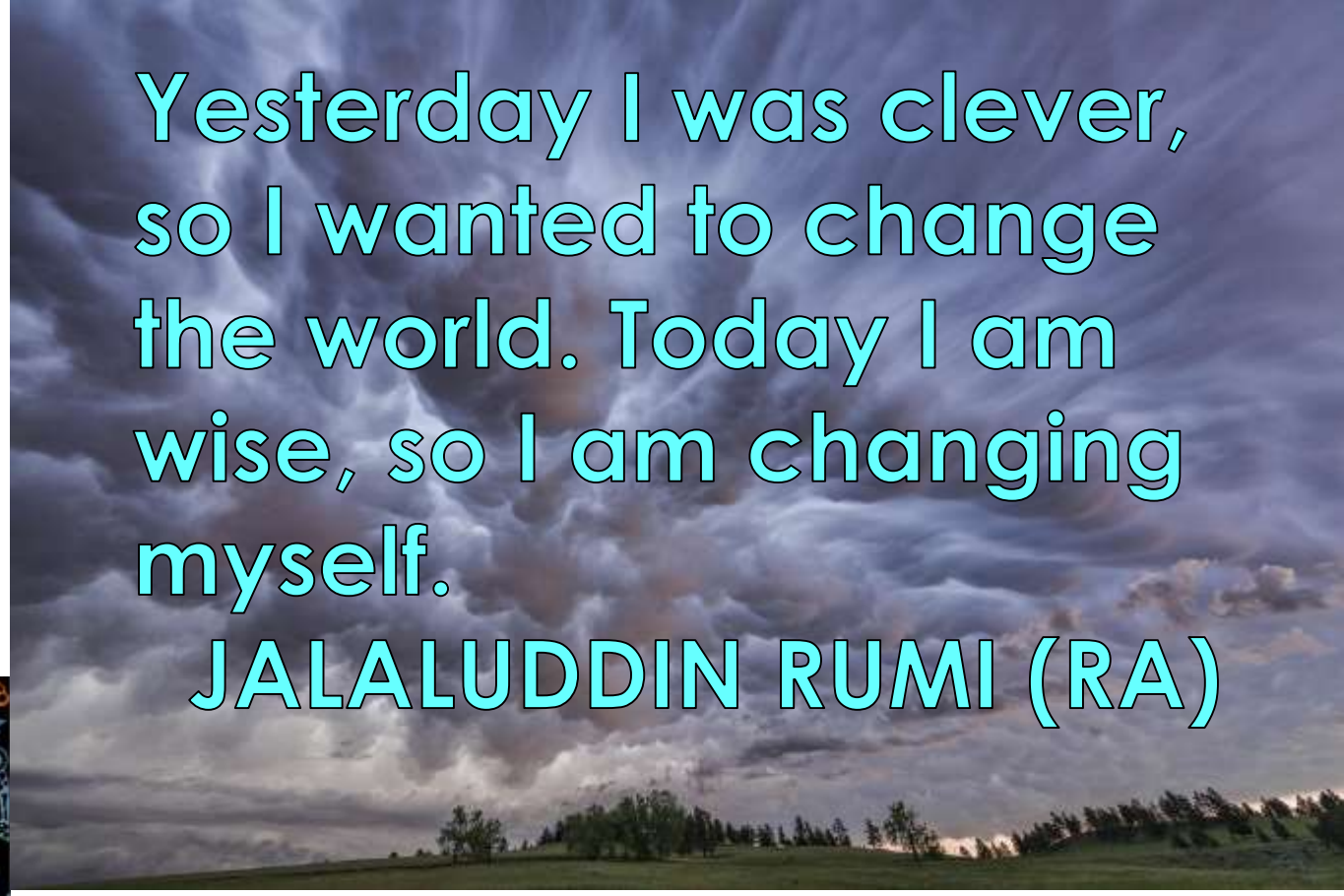
CHANGE, INNOVATION & CREATIVITY



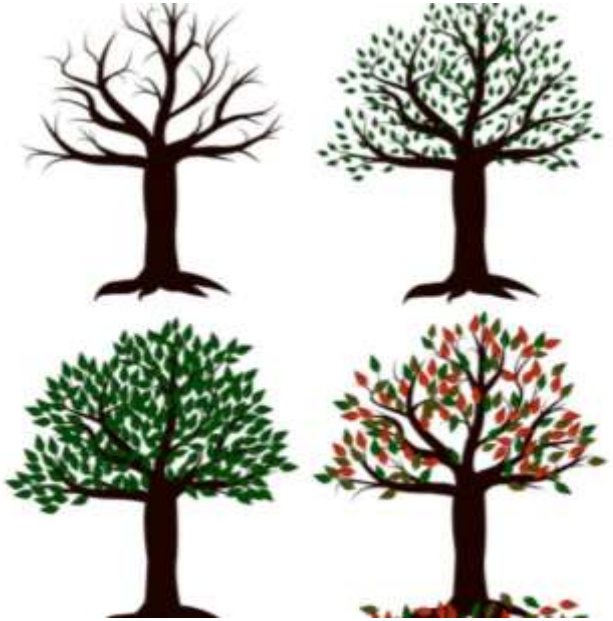


ORGANIZATIONAL PERSPECTIVE

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Why do we need Change?

- Change is the only constant
- If you do not change, others' and your competitors will
- Change occurs because people want to excel and win
  - ✓ Continuous endeavor to satisfy self and others
  - ✓ Win market share
  - ✓ Market entry
  - ✓ Creating new market/product/service
  - ✓ Boredom or stagnancy
- "Resistance to Change"
  vs
  "Welcoming the Change"



Forces for Change

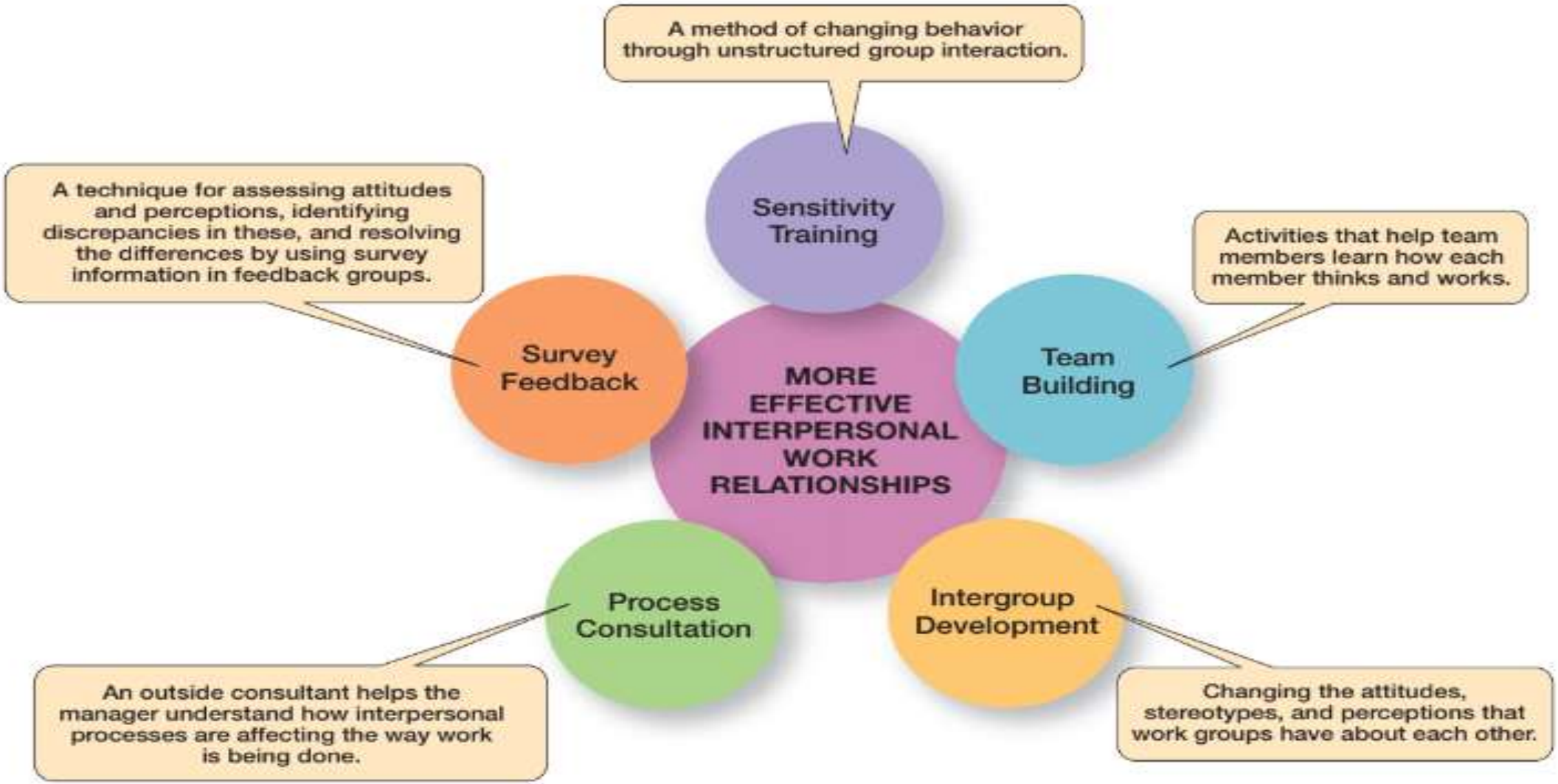
External
- Changing consumer needs and wants
- New governmental laws
- Changing technology
- Economic changes

Internal
- New organizational strategy
- Change in composition of workforce
- New equipment
- Changing employee attitudes

Types of Change



Changing People



Organizations that Failed to Address Change



Kodak, which lost track of the digital era

Do individuals need to change?

MOTOROLA

Motorola, which got outmaneuvered by smartphones

YAHOO!
YAHOO!
YAHOO!

Yahoo, which fell asleep when Google was inventing and making numerous smart moves



EPSI, which lost its imagination and succumbed to numerous competitors



Focus of Change Effort in Organization

- **Role and attitude**
  - ✓ Attitude centered approach: skills, cultural change programs
  - ✓ Role centered approach: changing work roles, responsibilities

- **Technology**
  - ✓ Rapidly changing
  - ✓ Using it to improve efficiency
  - ✓ To ease functions

- **Strategy**
  - ✓ Competitive strategy
  - ✓ Introducing new product & service
  - ✓ Entering new market

Focus of Change Effort in Organization

- **Economics or People: Internal**
  - ✓ Economics: financial performance, downsizing, restructuring
  - ✓ People: capabilities, cultural values, approach towards customers
- **Developmental**
  - ✓ Skill, process, standard, product, service
- **Transitional**
  - ✓ Adapting new ways
  - ✓ Current to desired standard
- **Transformational**
  - ✓ Extreme level
  - ✓ Dramatic & profound

Change Process in Organization

- Prepare the organization to change
  - ✓ Logistical and cultural
  - ✓ Raise awareness and communicating the need for the change
- Craft a Vision and Plan
  - ✓ Strategic goal
  - ✓ Areas of change
  - ✓ Key performance indicators
  - ✓ Who would implement
- Implement the Change
  - ✓ Change managers
  - ✓ Empowering employees
  - ✓ Anticipate obstacle & mitigate
  - ✓ Continuous communication

Change Process in Organization

- Embed Change in organizational culture and practices
  - ✓ Continuous communication
  - ✓ Prevent reversion
  - ✓ Rewards system may help
- Review Progress & Analyze Results
  - ✓ Application doesn't mean success
  - ✓ Post mortem
  - ✓ Analyze failures & success
- Process in Crisp
  - ✓ Unfreezing
  - ✓ Changing
  - ✓ Refreezing

Reasons for Accepting or Rejecting Changes

- Change is not necessary, we are doing fine
- Proposed change is not feasible
- Will not be cost effective
- Cultural resistance
- Will involve personal loss
- Lack of trust
- Fear of failure



Techniques for Reducing Resistance to Change

Technique	When Used	Advantage	Disadvantage
Education and communication	When resistance is due to misinformation	Clear up misunderstandings	May not work when mutual trust and credibility are lacking
Participation	When resisters have the expertise to make a contribution	Increase involvement and acceptance	Time-consuming; has potential for a poor solution
Facilitation and support	When resisters are fearful and anxiety ridden	Can facilitate needed adjustments	Expensive; no guarantee of success
Negotiation	When resistance comes from a powerful group	Can "buy" commitment	Potentially high cost; opens doors for other to apply pressure too
Manipulation and co-optation	When a powerful group's endorsement is needed	Inexpensive, easy way to gain support	Can backfire, causing change agent to lose credibility
Coercion	When a powerful group's endorsement is needed	Inexpensive, easy way to gain support	May be illegal; may undermine change agent's credibility

Education and communication can help reduce resistance to change by helping employees see the logic of the change effort. This technique, of course, assumes that much of the resistance lies in misinformation or poor communication.

Participation involves bringing those individuals directly affected by the proposed change into the decision-making process. Their participation allows these individuals to express their feelings, increase the quality of the process, and increase employee commitment to the final decision.

Facilitation and support involve helping employees deal with the fear and anxiety associated with the change effort. This help may include employee counseling, therapy, new skills training, or a short paid leave of absence.

Negotiation involves exchanging something of value for an agreement to lessen the resistance to the change effort. This resistance technique may be quite useful when the resistance comes from a powerful source.

Manipulation and co-optation refer to covert attempts to influence others about the change. It may involve distorting facts to make the change appear more attractive.

Coercion can be used to deal with resistance to change. Coercion involves the use of direct threats or force against the resisters.

Change Capable Organization

- ***Link the present and the future.*** Think of work as more than an extension of the past; think about future opportunities and issues and factor them into today's decisions.
- ***Make learning a way of life.*** Change-friendly organizations excel at knowledge sharing and management.
- ***Actively support and encourage day-to-day improvements and changes.*** Successful change can come from the small changes as well as the big ones.
- ***Ensure diverse teams.*** Diversity ensures that things won't be done like they've always been done.
- ***Encourage mavericks.*** Because their ideas and approaches are outside the mainstream, mavericks can help bring about radical change.
- ***Shelter breakthroughs.*** Change-friendly organizations have found ways to protect those breakthrough ideas.
- ***Integrate technology.*** Use technology to implement changes.
- ***Build and deepen trust.*** People are more likely to support changes when the organization's culture is trusting and managers have credibility and integrity.
- ***Couple permanence with perpetual change.*** Because change is the only constant, companies need to figure out how to protect their core strengths during times of change.
- ***Support an entrepreneurial mindset.*** Many younger employees bring a more entrepreneurial mindset to organizations and can serve as catalysts for radical change.

Guidelines for Implementing Changes

- Creating a sense of urgency
- Communicating a clear vision about the benefits
- Identify for and against
- Create a broad team
- Use competent change agents
- Issues impacting comfort zones
- Stress management
- Monitoring, feedback, adjustment



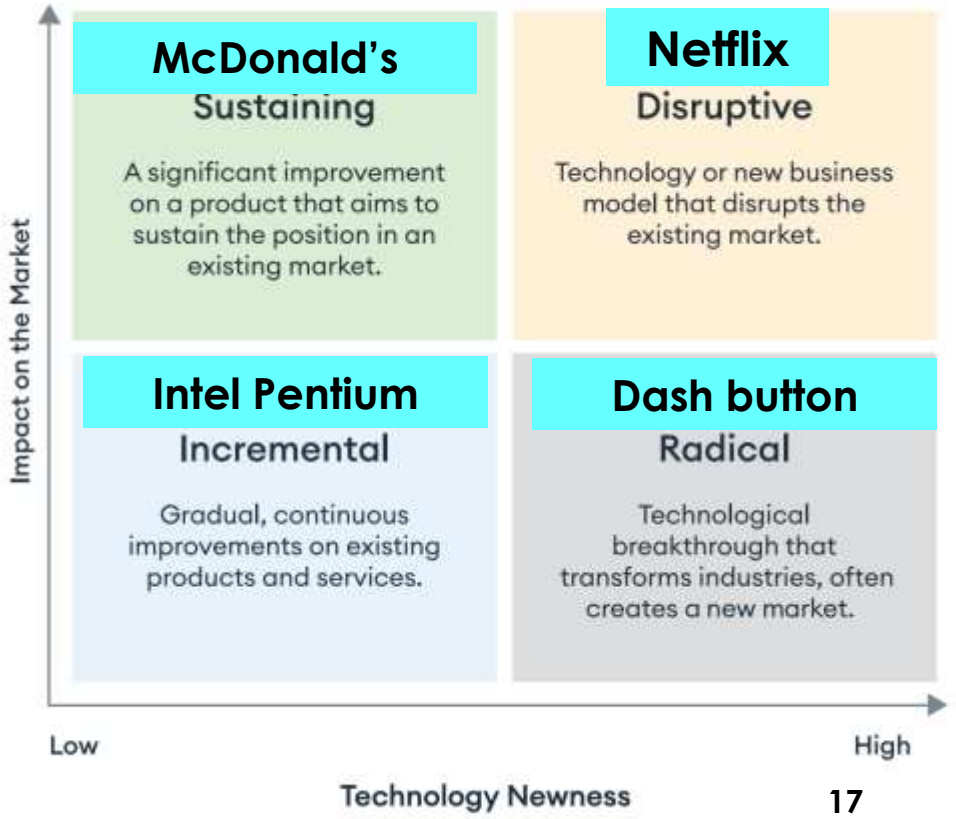
INNOVATION & CREATIVITY in Organization

- Innovation is change
- It is the managed effort of the organization to develop new products or services, or new uses of existing products or services
- Quality of thinking new ideas and putting them into reality is creativity
- The act of executing the creative ideas into practice is innovation

INNOVATION & CREATIVITY in Organization

- **Types of Innovations**
  - ✓ Radical: new product or service
  - ✓ Incremental: modifying existing
  - ✓ Technical: manufacturing process
  - ✓ Managerial: how it is delivered, handled

- **Types of Creativity**
  - ✓ Individual
  - ✓ Group/collective: purpose oriented
  - ✓ Exploratory



Promoting INNOVATION & CREATIVITY in Organization

- Organization Culture
  - ✓Supportive to innovation: Encourage creativity, risk taking, inventiveness
  - ✓Value the sense of innovation
  - ✓Participatory culture for innovation
  - ✓Avoid punishing/humiliating failures
- Reward system
  - ✓ Rewards: tangible and intangible
  - ✓ Consistency and equity
- Encouraging periodical brainstorming at different levels: trendsetting

CHANGE, INNOVATION & CREATIVITY: ORGANIZATIONAL PERSPECTIVE

SUMMARY

- Why do we need change?
- Focus of Change Effort in Organization
- Change Process in Organization
- Reasons for Accepting or Rejecting Changes
- Guidelines for Implementing Changes
- Innovation & Creativity in Organization
- Promoting Innovation & Creativity in Organization