EVALUATION OF TWO APPROACHES TO ORGANIZATIONAL CHANGE FOR SMALL AND MEDIUM SIZED BUSINESSES

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ABSTRACT

This study examines two different approaches to organizational change: one focusing on solving specific problems and the other focusing on changing the organizational culture. The opportunity for the author to evaluate the different approaches came about because a government-financed development agency working to develop a specific region of the UK, wanted to know how best to allocate its scarce resources to initiate change to improve productivity in assembly and manufacturing industries. Both approaches had been used recently but the agency wanted an objective assessment of their strengths and weaknesses before deciding to promote one or the other. The evaluation showed that both models could produce good results. However, the scope, scale and impact of the problem solving approach was much less than the culture change approach. This was primarily due to the changes in values and commitment of staff and their willingness to initiate change projects and be part of the change process.

Key words: management, change, culture, productivity, motivation, impact

INTRODUCTION

The evaluation was set up by a regional development agency responsible for supporting the economic development of industry in the North of England. Part of the agency's role was to improve productivity amongst small and medium sized companies in the region. It wanted to use its scarce resources wisely and therefore it initiated the study in order to receive guidance about two possible approaches to improve productivity especially in small and medium sized companies. If the approaches were found to be valuable, the likely outcome was that the agency would support their wider use with funds and other forms of support.

The first approach, the 'Problem Solving Approach', focused on identifying change champions within the companies, providing them with training about problem identification and problem solving and supporting them with access to advisors who acted as mentors or coaches. It was called the 'Problem Solving Approach' (illustrated in Figure 1) because its primary purpose was to demonstrate how champions of change with good coaching support can become leaders of change teams and resolve specific problems resulting in increased productivity. The origin of the approach was a change program which had been designed and used successfully in a medium sized engineering plant that the development agency had good relationships with. This approach had also been evaluated by a local university as an

example of good practice in managing change. An interesting feature of the approach was the use of coaches from the engineering company to support the job of change champions in the companies which were selected to take part in this evaluation. The engineering company was willing to provide this support because it helped to develop the capability of its own staff to manage change. The selected companies taking part in the evaluation with this approach were small volunteer engineering companies which met criteria associated with willingness and interest to be involved.

Figure 1. Outline of the 'Problem Solving Approach'
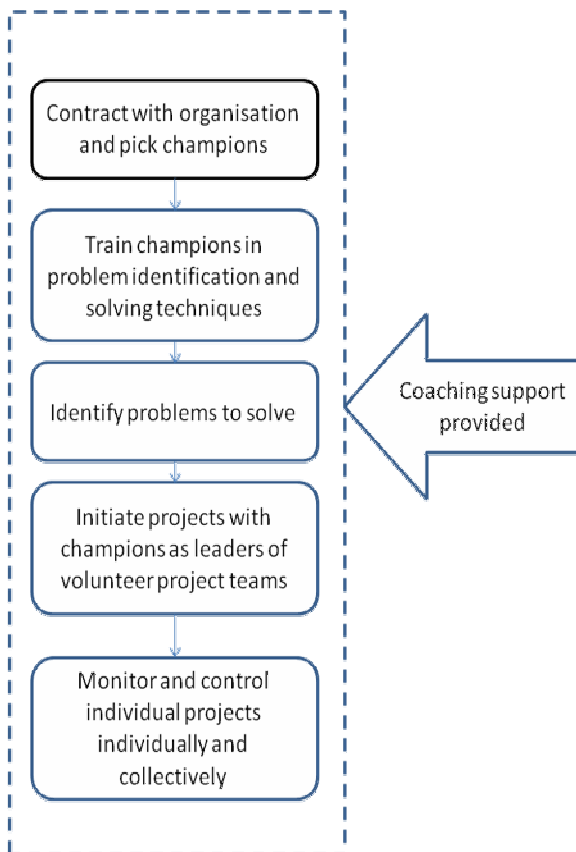
The second approach, the Culture Change Approach, focused less on specific problems and more on the organization culture. It did this by first assessing the health of the existing culture through a number of data collection techniques such as surveys, interviews and observations about how the staff felt about working in the organization. This assessment was then fed back to senior managers who were charged with thinking through how their values, attitudes and behaviours were contributing to the culture that staff was experiencing. This caused a re-appraisal of how senior and middle managers carried out their roles and how this affected the staff working in the organization. The outcome of the reappraisal was

a move to change the culture through the initiation of workforce-led activities and change projects. Effectively this involved a transfer of power from staff at the top and middle of the companies to people on the shop floor who were invited to propose and lead change projects themselves, effectively taking ownership of the change process. This is illustrated in Figure 2.

Figure 2. Outline of the 'Culture Change' Approach
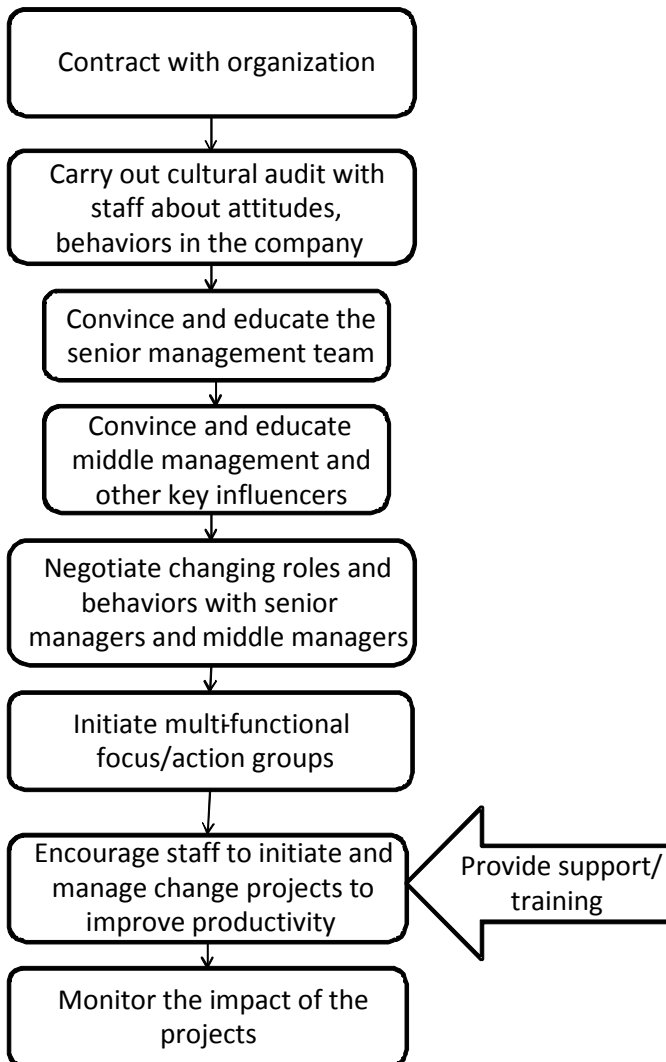
The differences between the approaches can be summarized in Table 1 below:

Table 1. Differences between the Problem Solving Approach and Culture Change Approach

	Problem Solving Approach	Culture Change Approach
Primary focus of change projects	Top-down initiated change projects	Bottom-up initiated change projects
Responsibility for change project	Change champion	Self-selected project team
Primary purpose of change projects	To improve operational performance	To change attitudes and behaviors
Ownership of change projects	Senior and middle management	Shop floor and other staff
Support offered	Coaches advise/train Change Champions	Training provided as needed to change teams
Monitoring of performance	By agreed project improvement criteria	By feedback from change team and agreed criteria
Recognition	Through achievement of project goals	Through achievement of project goals

The origin of the Culture Change Approach was work carried out by John Oliver (2001) whilst he was the Chief Executive Officer (CEO) of Leyland Trucks in the UK. The approach led to a successful turnaround of the business in the 1990s.

Since the context was one where a public body needed to demonstrate that it was using public money wisely, the following points were agreed with the Regional Development Agency and the author as evaluator` as the basis for the evaluation of the different approaches:

1. The impact of the two approaches in increasing productivity and the economic benefits or otherwise of doing this
2. The personal development benefits to the individuals who participated
3. The content and details of the knowledge transfer (i.e. what was learned)
4. The impact of the models in assisting the strategic thinking ability in the companies
5. The sustainability of the changes
6. Transferability of the models to other sectors and smaller/larger companies

LITERATURE REVIEW

Balogun and Hope-Hailey (2008) comment that 'change management is becoming a highly sought after managerial competence'. They observe that the success of many change programmes is poor and Beer and Nohria (2000) put the failure rate of change programs as high as 70%.
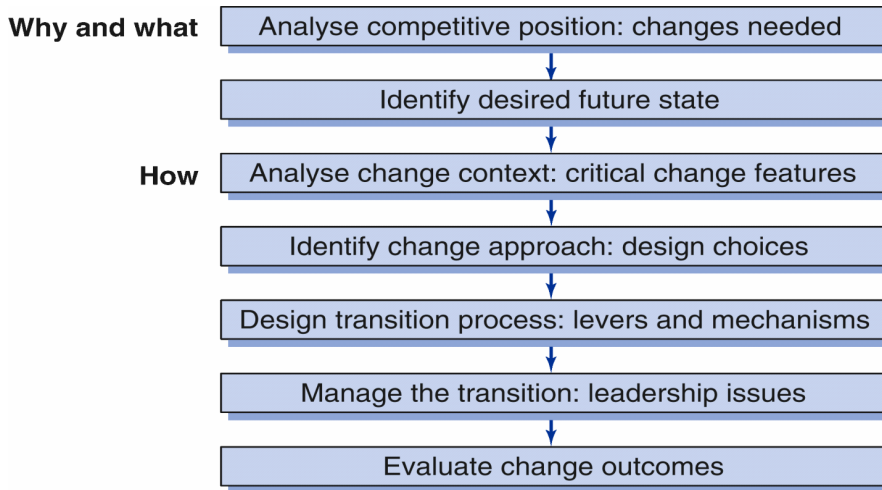
The question that emerges is how can change be managed in a way which increases the chances of success so that the future state is really close to what was desired and possibly beyond expectations? Oliver (2001) describes how one company – Leyland Trucks – went through a change transition in the 1990s. He identified that the success of a change transition depends largely on the degree to which the employees have power to affect individual and team accountabilities and the decision-making process in an organization. In other words, Oliver is claiming that if the work force is not involved in the design and implementation of change projects, the chances of sustainable change are reduced. Certainly the chances of releasing the know-how and knowledge that the workforce has are limited if the culture of the organization is perceived to be unhealthy. Oliver coined a phrase 'team effectiveness' to capture the ways in which teams are empowered, success is recognised and participation is valued in change management. Effectively team enterprise is about empowering people to work towards mutually beneficial objectives. It is a simple idea but seemingly difficult to achieve because invariably in organizations, values, beliefs and attitudes are not shared and lead to negative feelings and demotivation. Oliver (2001) has demonstrated the success of his approach in different manufacturing and service industries which are described in his book.

A second approach is more directive and usually involves champions of change. The role of Change Champions is described by Balogun and Hope-Hailey (2008) as 'a key pivotal figure on which the success of a change program depends'. The champion is usually a senior person who needs to have the attributes to lead and to take on the responsibility for change. When a change project has been identified, the champion sets up and leads the change team. In the change approach used in this study, the champions were supported by coaches. The coach is not a mentor or a problem solver, rather the coaching role is to help to build and sustain the confidence of the change champion.

In order to compare the two approaches, Balogun and Hope Hailey's (2008) model of strategic change was used to provide a basis against which the two approaches could be compared. This is illustrated in Figure 3. This theory identifies the implementation steps in the change process, the types of change that can occur (coercive, collaborative or something in between) and the choice of change path in a specific context.

Balogun and Hope Hailey (2008) also suggest that the Change Kaleidoscope is an appropriate model to help understand the context for change in any given situation. They advise against change management processes which are formulaic and independent of context since the design choices will inevitably be influenced by the context. The factors which define the context and which are incorporated in the Change Kaleidoscope are:

- Time – how quickly the change is needed?
- Scope – is the change a realignment or a major transformation?
- Preservation – what needs to be preserved about the existing situation?
- Diversity – are the people homogenous or more diverse in terms of values, norms and attitudes?
- Capability – the level of organizational, managerial and personal capability to implement change;
- Capacity – the resource in terms of cash, time and people that can be invested;
- Readiness – how prepared people are; and
- Power – where is power vested, in what and how is it used?

Figure 3. The Change Flow Chart (Balogun & Hope-Hailey, 2008)

Why and what

Analyse competitive position: changes needed

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Identify desired future state

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How Analyse change context: critical change features

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Identify change approach: design choices

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Design transition process: levers and mechanisms

↓

Manage the transition: leadership issues

↓

Evaluate change outcomes

The value of using this model is that it is logical and prompts the researcher to think specifically about:

- The features which are critical to a change initiative such as changes to organizational structure, procedures, attitudes and/or behaviors and the time available for change;
- The design choices – where to start, what style to use, what to target, what to change and the roles people have in the change process;
- The management of the change process and whether the focus is more on procedural change and control systems (to target specific outputs) or on relationships, power structures and culture (to target changes in values);
- Who leads and who takes responsibility for the change process; and
- How the change is evaluated and what sustainable change takes place.

METHODOLOGY

The evaluation of the impact of the 2 approaches was carried out by visiting the companies which had used one of the approaches, interviewing staff who had been involved and collecting data about the outcome. These interviews followed a common structure to find out how the need for change came about and what contextual features of the situations were influential in the decision to proceed with a change project. At least 6 people were interviewed in each company including:

- The Managing Director (MD) and another director
- 2 middle managers
- At least 2 (and sometimes more staff who had led or been involved in change projects)

Three companies were chosen to review the Problem Solving Approach and 2 companies to review the Culture Change Approach. The 3 were chosen from a sample size of 6 companies and were selected because they had seen the process through from start to end whilst the others were only part way through or had withdrawn. The 2 culture change companies were chosen because they had seen this approach through from start to finish, whilst others were in progress. The 3 company sample had been involved with the problem solving approach for 12 months. The 2 company sample had been involved with the Culture Change Approach for 3 years.

The visits also included a site tour and a review of the change project which had taken place. Where available, performance data was analyzed to assess the impact of projects and the changes which the projects had made on the wider performance of the company. In every case, the person (or people) interviewed received a copy of the visit report to check for misunderstandings or inaccuracies.

Interviews were also held with the trainers and coaches of the change champions in the companies which used the Problem Solving Approach. The purpose of these interviews was to understand how the change process seemed to work from the trainers and the coaches' viewpoints as well as to assess the effectiveness of the training and coaching service.

The Culture Change Approach had an external facilitator who was in fact a consultant on the culture change process. This role was more interventionist than in the Problem Solving Approach in that the consultant had the responsibility of assessing the existing culture and feeding back its nature and impact to senior managers together with the its likely causes. The consultant then acted as an advisor as values, norms and expectations were reshaped. The external consultants were also interviewed.

Figure 4 summarizes the different ways in which the models relate to Balogun and Hope-Hailey's change model (2008) referred to above. The major differences are in the stages of understanding the critical change features, the change approach, the design choices and the transition process.

Figure 4. Analysis of Different Approaches Using Balogun's Model of Change Flow

Stages of Model	Problem Solving Approach	Culture Change Approach
Analyze competitive position and changes needed	This was done as a base-line review by trainers and coaches with the change champions. The choice of what to change was left to the change champions who had to select a specific problem to solve.	This was done by external consultants who carried out an external review of the existing culture and its impact by interviewing a range of staff and reporting to senior management. No specific projects are selected at this stage but senior managers decide (or not) to change their operating culture as a pre-requisite to specific change projects.

Stages of Model	Problem Solving Approach	Culture Change Approach
Identify desired future state	The desired future state is defined in terms of the specific projects selected, e.g. better staff to management communication, higher workshop productivity etc.	The desired future state is defined in terms of different values, norms and behaviors that will govern the way people approach their work and interact with each other.
Analyze change context and critical change features	Critical change features might include changes in procedures, organization structure, control systems as well as changes in attitudes, behaviors and individual confidence. Constraints might include time and resources available.	Critical change features will include existing organizational performance and the stability of senior management positions as well as structure, behavior and attitudinal changes because cultural change can be disorienting especially for senior management.
Identify change approach and design choices	The design choices are those related to the management of specific projects – top management support, cross-functional teams where appropriate, time bound project management and reporting back on progress	Culture change starts with the top management learning how to demonstrate the changed attitudes and behaviors of the new culture. The design choice is, therefore how best to work with a small number of senior managers.
Design transition process: levers and interventions	The levers are changes in responsibility, procedures, measures and control systems so that the problems can be resolved.	The levers are changes in relationships, values and power structures so that the new culture can be seen and adopted.
Manage the transition: leadership issues	The transition is managed by the change team led by the champion, with top management support.	The transition is led by the senior managers (or CEO) who empower staff to create and carry out change projects.
Evaluate change outcomes	Evaluation is carried out against the objectives for the selected change projects	Evaluation is carried out by assessing impact of the changes on the organization culture and performance.

FINDINGS ABOUT HOW THE PROBLEM SOLVING APPROACH WORKED IN PRACTICE

The 3 companies which had introduced this approach were all involved as suppliers to a major manufacturer of transmissions to different car manufacturers. The transmission manufacturer provided the coaches who were trained by a third party. The companies were of similar size, each with 30–50 employees and all were involved in the manufacture of transmission parts. We will call them Company A, Company B and Company C.

The Economic Benefits or Otherwise for the Companies

Figure 5 shows the projects carried out in these companies and the resulting outcomes. The projects are grouped into working area improvements and internal communications as these two categories covered all the projects carried out. The change champions were volunteers and were selected by management in the companies.

As can be seen, the projects are of an operational nature. Although Specific, Measurable, Achievable, Realistic and Timely (SMART) objectives were not defined for each project, the changes introduced were deemed to be positive in that they not only led to better working conditions but created a more positive attitude to work for change team members.

Figure 5. Summary of Projects and Outcomes in Companies A, B and C

Company	Project
Company A	1. Working area improvements • Job redesign implemented in 25% of production area • Capping equipment purchased reducing dust contamination by 60% • Cleaning Rotas designed and implemented • Computer generated work cards introduced 2. Communications within the company • Questionnaire designed and distributed • Notice Boards introduced • News letter introduced 3. Staff training on Microsoft Publisher, Excel, time management and managing priorities
Company B	1. Working area improvements • Major rework in canteen area and toilets • Work uniforms purchased and worn by all employees – improved pride, improved marketing of the brand. • Job role name change from Laborer to Production Assistant – leading to improved morale • Reorganization of production duties 2. Communications within the company • Notice boards with Key Performance Indices (KPIs) placed in all areas to improve communication. Teams have taken responsibility for the boards and are actively keeping them up to date. • Suggestions welcomed for work area improvements and these are coming in each month.

Company	Project

Company C	1. Working area improvement
	    • Rework reduced by 67% after analysis of causes
	    • Improved health and safety procedures introduced
	
	2. Communications within the company
	    • Notice boards put up in the production areas leading to improved reporting and communication mechanisms
	    • Teams are now selected to work on problem areas based on their skill set and knowledge expertise. This is leading to sharing of knowledge across the business and providing people opportunity to work together which had not been there before

The Personal Development Benefits to the Individuals who Participated

There were stories in each company visited about personal benefits for individuals and this is probably the main benefit of the whole program. The champions in the companies all spoke well of the coaching support and training in time management, IT and lean thinking they received. Examples of quotes from people in the companies include:

> *'My coach was great and really helped me to move up a level'*
> *'Initially I felt roped in but now I'm very proud of what I achieved'*
> *'One chap resisted for a long time but eventually he relented and joined in. Now he's really involved'*
> *'I wasn't feeling like 'one of the gang'; after the project I'm more accepted'*
> *'I've learned a lot about prioritizing my work'*
> *'Supervisors have discovered a new role – helping to support the project teams'*
> *'The atmosphere's much better now – we're much more involved'*
> *'I tried the coaching with my son's rugby team'*
> *'I learned to step back and not get stuck in the middle of things'*
> *'The coaches were good sounding boards and gave useful feedback; they encouraged people to solve their own problems'*

For individual champions and team members, there was therefore strong evidence that the experience with coaches has been a positive one.

The Content and Details of the Knowledge Transfer (i.e. what was learned)

The feedback about knowledge transfer had positive and negative aspects. On the positive side, quotes include:

> *'There is an enormous difference in self-confidence amongst the staff involved with a release of latent ability and a greater number of volunteers for teams'*

> *'A great mechanism to engage shop-floor staff and signpost a route to excellence'*
> *'It showed us that we really have to pull through younger staff'*
> *'We learned a mechanism to increase trust between management and the shop floor'*
> *'We learned about the budding talent amongst shop floor staff'*
> *'We realised how a challenge can galvanise the work force'*

However, there were negatives too:

> *'We were disappointed with the lack of organised networking to share learning'*
> *'We weren't sure from the start what the programme was about'*
> *'I'm not sure we ever really knew what the coaching was supposed to achieve'*
> *'I'm not sure we have learned anything new which we didn't know before'*
> *'I'm not sure what we were learning from the performance monitoring'*

Clearly there was learning through the coaching process about problem formulation, team working, data collection and interpretation, gathering improvement ideas, working out how to organize action to improve and monitor the improvement. However, there were some negative comments about the ways in which the projects were actually managed.

How the Project Assisted the Strategic Thinking Ability in the Companies

There was no direct evidence that the strategic thinking ability in companies was affected by the projects. However, this is not so surprising since the focus of the program in practice has been on operational change rather than strategic change. This is clear from the project work identified in Figure 5. Effectively the projects were seen as part of an on-going improvement activity along with others that the companies were doing and the principal impact was at an operational level.

Transferability to Other Sectors and Smaller/Larger Companies

The change projects only involved small to medium sized companies in the automotive sector. However, one manager commented that *'the approach was applicable to every company but needed to take account of its context'*. Another said that *'the approach would not be effective in very small companies because it's too formal'*. In another company it was clear that the approach had faltered because the Managing Director had chosen not to be directly involved – he said that *'the potential benefits did not appear to be as cost-effective as other initiatives and it was pitched at too low a level'*. He also said that *'a key issue is matching the coaches up to the people in the company; it's asking a lot for a shop-floor person to coach a senior manager'*. In theory, coaching techniques should be transferrable across different sectors and sizes of company but this evidence raises really important practical issues in testing this as a hypothesis.

What Could Have Been Done Better or Differently?

There were several comments about the project management of the problem solving approach showing that it was very much seen as a transactional rather than a transformational change approach. These comments include:

> *'There was a lack of clarity about expectations from the start'*
> *'There was no real closure'*
> *'We weren't sure if the program had goals or targets'*
> *'Meetings were cancelled at short notice'*
> *'We are not sure what is supposed to be happening now'*
> *'We didn't really understand the coaching model'*

Clearly strong project management is essential where there are different stakeholders with different priorities.

The difficult job of matching up a coach to a company contact requires time and care. This was not always possible as the pace of the project increased. It meant that some coaches were seen as inappropriate.

It was clear that top management support was essential. This raises the possibility of designing in a process of mentoring the MD or senior manager with the main responsibility for implementation alongside the coaching work. A mentor's role is to listen and advise which differs from a coach's role which is to help people discover their own solutions. A mentor can therefore make sure that the MD or senior managers stay involved in the organizational improvement work.

There was no on-going evaluation of the process itself. This was unfortunate because it meant that there was no easy way to assess its effectiveness.

FINDINGS ABOUT HOW THE CULTURE CHANGE APPROACH WORKED IN PRACTICE

Two companies were visited, companies D and E. The impact is summarized in Figure 6.

Figure 6. Summary of Projects and Outcomes in Companies D and E

Company	Project
Company D	The change initiative began when there was no financial crisis but still a need to improve performance to offer a superior customer experience. As a result of survey and interview feedback, the senior managers were confronted with the feedback that they were part of the problem; their management style was seen to be coercive and contributing to behaviors which were not appropriate for a customer-focused business.

Company	Project
	As a result of this feedback, several initiatives were put in place to 'soften' the culture. Uniforms with name tags were introduced so that people knew the names of their colleagues; a request for senior managers to say 'hello' to 25 people per day, social events to encourage mixing across sections and plants, job rotation, induction and training, weekly review meetings, 'meet the boss' sessions with the Chairman and Directors and 'Hill Street Huddles' were introduced. The results astonished the Directors. Staff was given authority to initiate their own projects such as renegotiating a gas supply contract, introducing a system to control wayward fork-lift truck drivers and reducing changeover times. They introduced better process controls and stock turnover increased to 11 times per year and a new target of 14 times was set by the staff. Profits increased substantially and have remained on an upward trend. The contribution of the change initiative has been valued as £1.5 million increase in profits every year since its beginning and this has been sustained for three years.
Company E	After the start of the process, it became obvious that the company was overmanned. In other words culture change was not the immediate priority. This was a big learning point – it cannot be assumed that culture change is automatically the appropriate change option. In this case, the priority was first to take cost out of the business. The first real act of change therefore was a redundancy program (in fact this was the first of three, which affected all levels of staff in the company). Over 8 years the change initiative triggered off a number of projects which gradually broke down the beliefs by management that they had to control and micro-manage employees. As confidence amongst employees built up they became more able to manage their own work within agreed boundaries and achieve major improvements which have led to steadily increasing profits since 2003. A typical project led to £150,000 stock reduction, increased stock turns from 7 to 16/year, reduced headcount by 9% (£135,000/year) and reduced WIP to zero, saving £33,000. Over the whole company during the same period headcount is down from 366 to 246 (a 40% reduction), the number of ideas/employee is now targeted at 12 per annum with an average savings per idea of £50. Staff turnover rate is down from 16% to 5% per annum. Absenteeism is reduced from 4% to 1.8% and the accident rate is down by 50% at 14/year. The contribution of the change initiative has been valued as £1.5 million increase in profits per year over the period.

The Personal Development Benefits to the Individuals who Participate

The comments from staff at all levels in the two companies confirm that a profound change had taken place. Both companies continue to use staff surveys to check the situation is positive with regards to Communications, Employee Systems, Continuous Improvement, External Customer Focus, Internal Customer Focus, Organizational Structures, Management Style, Team Working, Empowerment and general working in the company. Each survey brings valuable information, ideas and suggestions and is a reminder for the senior managers that there are more potential improvements to be carried out.

For senior managers, the challenge has been described as the need to develop humility, lack of vanity and a willingness to see themselves as part of problems which crop up. In effect, they learn to manage differently – by communicating effectively and frequently, by recognising achievement and supporting team work. This takes time and in both companies the transition has been going on for several years. The Directors of Company D said they were only 60% of the way to where they felt they could be. The Directors of Company E have been involved over a longer period and it is clear they too have more improvements to aim for.

The staff is clearly motivated and very loyal at both companies. When asked how they would tackle a big order, Company D staff said they would 'knock it over'. When asked how they would tackle a really big order, the reply was they would 'really knock it over'. At Company E, staff said they would come in on Christmas Day if it would help the company.

The Content and Details of the Knowledge Transfer

Managers may learn to manage differently but they still have to manage as was made clear by the employees of Company E who said *'Even though managers might be thought of increasingly as facilitators or removers of blockers to improvement, they still have to manage. This means disciplining slackers'*. At Company D it was also seen as management's job to preserve what was special about the organization's culture – this was described in terms of *'ad hoccery'* or the ability to respond quickly to any challenge.

Other quotes which show what has been learned include:

- Learning about the need to create a 'trigger for change' – *'we did not have a financial crisis but we had an emotional crisis which later became an industry crisis as other carpet companies went bust'* (Company D)
- Learning about the need for external facilitation – *'External facilitation is probably essential to demonstrate the size of the challenge and ways to bridge the gap between us and them'* (Company D)
- Learning about the time it takes – *'Culture change takes time to be effective. New ways of thinking and behaving have to be learned and practised in a consistent way so that staff can understand and get used to what is going on'*. (Company E)
- Learning about the limits of culture change – *'The limits are not really known. It's useful to have a benchmark of a company which is more advanced than you'* (Company D)

- Learning about the difficulty of reversing culture change – *'Once you start, you are releasing forces which cannot be reversed. You cannot rip the cheque up. Directors have to learn to diminish their own roles and in a sense become servants rather than masters'.* (Company D)

How the Project Assisted the Strategic Thinking Ability in the Companies

The change program has assisted strategic thinking in at least two ways:

1. It releases time for senior managers to think strategically because they are no longer trying to micro-manage the business.
2. It opens up the thinking about possible strategic moves by the company to a wider group of people since all employees receive information about the business performance of the company.

Therefore, the company is benefiting both by reduced operating costs (since most of the project improvements are operational in nature) and increased sales opportunities since people are thinking more about the business strategy. The effect of this is very clear as costs have reduced and sales increased in both companies.

Transferability to Other Sectors and Smaller/Larger Companies

The Culture Change Approach has been applied in truck manufacturing companies, carpet manufacturing, paints manufacturing, educational colleges and government organizations. (Oliver, 2001). There is no obvious reason why it could not be used in smaller or larger organizations although its use in very small companies might need to be simplified.

What Could Have Been Done Better or Differently?

With a sample of only two companies it is hard to generalize but the following observations were agreed with the companies:

- At Company E, the first issue to resolve was over-manning and therefore the culture change program had to be stopped until this was sorted out. In the event, survivors commented that *'A lot of skilled people left; it was chaos initially. Skivers saw it as an opportunity to do less and it wasn't clear who was supposed to deal with this', 'The pace was too fast initially – now it's too slow'*
- *'There was no sense of strategic direction at the start; people were relearning their roles'* (Company E)
- *'When people were asked for ideas at the start, they had plenty and handed them over to the senior managers who were swamped. Then the staff started moaning that nothing was being done'* (Company D)

- *'There was a difference between the rhetoric and the reality at the start – it took time for the 'us and them' culture to start moving'* (Company E)
- *'Not everyone can do this. Some senior managers had to go and that really made a difference to the staff'* (Company E)

If it is possible to capture what could have been done differently, the points would be:

1. Understand the context for change at the very start to avoid trying to introduce changes when other pressures (such as over-manning) are more important.
2. If the roles of senior managers are going to change, this does not mean that they cease to manage. Indeed this is seen as even more important even after the employees have become empowered.
3. Relating to (1) and (2) above, expectations have to be managed as much as possible both for senior managers and other staff.

CONCLUSION

Given the time and resources available to carry out the study, it was necessarily going to be a limited study in terms of the number of organizations which could be involved. However, the number of organizations which has used a specific change model will itself be a small number. For example, the maximum number which had used the Problem Solving Approach was six organizations, of which three had not completed the change process. The number of organizations using the culture change process was also six, of which two were chosen. Therefore, the numbers are representative of the population of users.

The Problem Solving Approach to change by definition focuses on a specific problem situation in an organization, so it tends to be transactional in nature. This means that even though it might be successful in terms of the project and the individuals involved, it may not be very influential in bringing about sustainable change in the way the organization works as a whole. The findings from the three cases which had used this approach showed that there was enthusiasm about the changes in the short term (within a year) but raised some doubts about the longer term effects. Even the short term changes could easily be reversed. However, if time is short and urgent change is required, it may be the only realistic option.

The Culture Change Approach requires shifts in attitudes, behaviors and power structures. It is a longer term option and it may be harder for senior management teams to understand because adopting this approach may mean un-learning many of the qualities that they thought were their strengths – such as decisiveness, ability to control and micro-managing. In practice, with this approach, power is devolved away from senior managers to middle level and junior staff who may also have difficulties in understanding what is going on. Senior managers find themselves in new roles – not micro managers but facilitators of change. This kind of change is difficult to reverse once started but releases the abilities of many people rather than a few as might be the case with the Problem Solving Approach.

The relationship between cost and benefits for the two approaches is interesting. The costs of introducing the different approaches, training staff and monitoring the impacts was almost identical – about £16,000. The gains, however, were dramatically different. For the problem solving approach, the gains were small and difficult to quantify in financial terms;

whereas, the culture change companies had each identified increased profits around £1.5 million/year from new business or reduced costs.

There is also useful learning about the relevance of each approach. For big transformational change in an organization, the Problem Solving Approach would probably be inappropriate because it is based around a change path which allows for a range of mainly operational changes to be made by champions supported by coaches. However, this might be a very appropriate approach for a small company which wants to learn about managing change and initiate a small number of change projects with coaching support. On the other hand, the Culture Change Approach is for transforming companies from the top down. Its methodology is to begin at the top and get commitment from which there is no turning back.

There is, therefore, no best choice since it depends on the context and the constraints of time and resources. However, if sustained change is required, then companies must sooner or later pay serious attention to culture change in order to make sure that as many members of staff as possible have the opportunity to contribute to the company's success. There is room for further research in quantifying the cost of a repressive organizational culture in inhibiting the scale and scope of potentially profit generating changes which could be led by staff in an organization. This research shows the payback could be enormous. It certainly staggered the senior managers in the companies analyzed in this study. Another line of research could be to track the degree to which change initiatives actually produce sustainable change. This study has suggested that culture change is a pre-requisite for change which must be sustained.

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