

MEMORANDUM

TO: Cheryl Hailstorm, CEO, Lakeland Wonders

FROM: Jacob Kovacs

DATE: November 22, 2016

SUBJECT: Recommendations for change management at Lakeland Wonders

Organizational change is never unopposed. In this case, your effort to grow Lakeland Wonders by producing cheaper toys offshore is facing major internal opposition from managers who have either voiced their reservations directly, or delayed complying with your instructions. This memo analyzes the underlying causes of this resistance and proposes some steps for effective change management going forward.

Analysis: *Forces opposing change*

Lakeland Wonders is a 94 year old company. Longstanding ownership and strong leadership by a single family have embedded a culture of stability, loyalty, and pride in high-quality work. Stability becomes a force of opposition when managers prefer inertia over taking reasonable risks for the sake of innovation. Loyalty becomes a force of opposition when managers are asked to change their dealings with employees, the union, and regional business partners in ways they worry will be unfair and destructive to valued relationships. Pride becomes a force of opposition when craftspeople are asked to produce mass-market products (or even tolerate inclusion of these products in the company's brand).

Recommendation: *Understand this as a cultural issue and appreciate its magnitude.*

When opposition is rooted in culture, strategies of leading by example and managing via incentive pay won't suffice. Since culture comes from founders' and leaders' values, employee socialization, shared rituals, and stories (Jones and George, 2016), cultural change (as a prerequisite for strategy and operational changes) should proceed via these channels. As a new member of an organization with a strong culture, it will take time to demonstrate belonging; gain trust; and then introduce new cultural elements (perhaps around the need to learn, innovate, and adapt as an organization; see Senge, 1990).

Recommendation: *Slow down and focus on team dynamics, then move quickly.*

It's tempting to think that change can be accelerated by adding additional team members or even replacing uncooperative ones. Unfortunately this would only introduce further delay. Not only would newcomers have much to learn (as typical for new hires), but team conflict would intensify with the addition of even more 'outsiders'. Instead, it's important to use existing team members as a resource and strive for bottom-up change, in which "the emphasis ... is on participation and on keeping people informed" (Jones and George, 2016, p. 338). To improve team dynamics and get buy-in from the current team:

- Appreciate managers who openly voice concerns. This is healthy communication and strengthens the team; it should be encouraged, not taken as a threat.
- Experienced managers have crucial insights into operations, so involve managers directly in strategy-crafting and planning processes. Hear managers' concerns charitably, then empower them to problem-solve together.

Recommendation: *Lead and motivate by communicating a vision.*

Perhaps most important, a compelling vision is lacking. People need to see a picture of the 'new' Lakeland Wonders that is congruent with what they love about the company and what motivates them personally. People need to clearly understand the impetus for change and be convinced of the necessity for change; people need to hear how new corporate strategies

will improve their situation. Announcing a target isn't enough to win people's hearts. A manager needs to motivate by telling a story that resonates with and excites people.

REFERENCES

Jones, G. R. & George, J. M. (2016). *Contemporary management* (9th ed.). New York City, NY: McGraw Hill Education.

Senge, P. M. (1990). *The fifth discipline: The art and practice of the learning organization*. New York City, NY: Doubleday/Currency.