

COMM 210

Contemporary Business Thinking

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Lecture 10 – Organizational Change

Objectives For Today

- Describe ways that managers and employees can deal with change
- Be able to reconcile the need for stability with the need for change in organizations
- Exam question, answer & marking exercise

How two companies dealt with change.....



The downfall of Kodak

Vs

The rise of Samsung

The Downfall of Kodak



“Eastman Kodak Company (OTCQB: EKDKQ), commonly known as Kodak, is an American multinational imaging and photographic equipment, materials and services company headquartered in Rochester, NY, United States and incorporated in New Jersey. It was founded by George Eastman in 1889.

Kodak is best known for photographic film products. During most of the 20th century Kodak held a dominant position in photographic film, and in 1976 had a 90% market share of photographic film sales in the United States. The company's ubiquity was such that its tagline “Kodak moment” entered common lexicon as a personal event that demanded to be recorded for posterity.

Kodak began to struggle financially in the late-1990s as a result of the decline in sales of photographic film and its slowness in transitioning to digital photography, despite having invented the core technology used in current digital cameras. 2007 was the most recent year in which the company made a profit. As part of a turnaround strategy, Kodak focused on digital photography and digital printing and attempted to generate revenues through aggressive patent litigation. In January 2012, Kodak filed for Chapter 11 bankruptcy protection. In February 2012, Kodak announced that it would cease making digital cameras, pocket video cameras and digital picture frames and focus on the corporate digital imaging market. In August 2012, Kodak announced it is planning to sell its film, commercial scanners and kiosk divisions. Motion Picture Film will remain Kodak owned.”

(http://en.wikipedia.org/wiki/Eastman_Kodak)

The Rise of Samsung

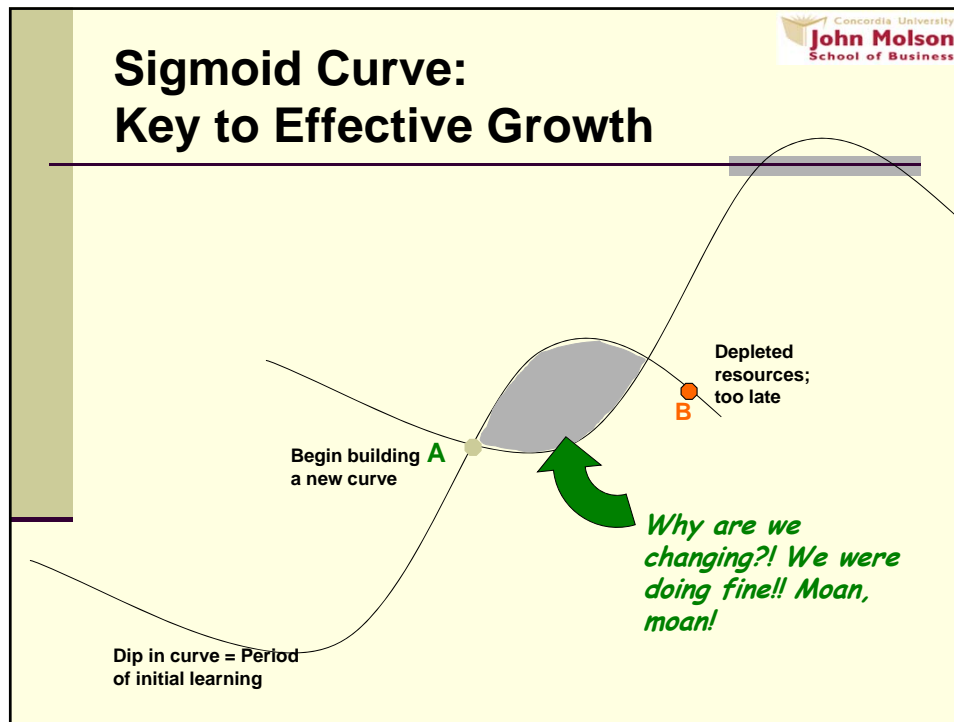
“Many companies saw the potential of technologies such as liquid-crystal panels, flash memory and rechargeable batteries. But few could or would invest billions in a single shot. That Samsung could is in large part due to a cult of personality around Mr Lee. ‘Change everything but your wife and children,’ he exhorted managers in 1993. (...) Other bosses often need to face a crisis before they make change. Samsung does so when things are going well. The company has pushed out older managers and restructured its divisions over the past two years despite posting record profit even in the global financial crisis.”

(The Economist; Oct. 1, 2011)

Handy



<http://www.youtube.com/watch?v=iJmvTJ4VSxo>



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Some Questions

- It is easy for a company to know where it is on the curve?
- What is meant by the “discipline” of the second curve?
- If you realize that you are not that far on the first curve, will planning for a second curve be a waste of time?
- What is the “curvilinear logic”?

Sigmoid Curve: Key to Effective Growth



- The Paradox of Time:
 - By the time you know where you ought to go, it's too late to go there
 - If you keep on going the way you are, you will miss the road to the future
- Because it is easy to explain things looking backward, we think that we can predict them forward.

Sigmoid Curve: Key to Effective Growth



- The S-shaped curve:
 - Empires, Corporations, Product life cycle, Love and relationships, Personal career, etc..
 - The 2 curves: When to start the 2nd curve
 - Who should lead the 2nd curve?
 - Time of great confusion

Sigmoid Curve: Key to Effective Growth



- The discipline of the 2nd curve:
 - How do we know where we are on the 1st curve?
 - Keeping the 2 curves going will be a habit
 - Benefits of the discipline of devising the 2nd curve.
 - The traditional four-stage of discovery: Questions; Ideas; Test; Review
 - Essential: Let go of your past

Sigmoid Curve: Key to Effective Growth



- Curvilinear logic:
 - The paradox of success: «What got you where you are won't keep you where you are»
 - It means starting life again, and it is harder as you become older
 - Entrusting the curvilinear thinking to the next generation
 - « Kaizen »
 - Must be wary not to abandon the 1st curve too early

Sigmoid Curve: Key to Effective Growth



- Fertilizing the 2nd curve:
 - Seniors: Permission + Encouragement
 - New ideas can co-exist with old

An unusual business model Individual analysis



1. Describe the culture at Tom Shoes, as described by Chu & Weiss in *The Cobbler's Conundrum*.
2. Is Toms' business model consistent or inconsistent with Handy's ideas? Discuss each element of the sigmoid curve as applied to Tom Shoes, using examples from article to aid the clarity of your argument
 - a. Point A & B
 - b. Initial dip in curve
 - c. The second curve
 - d. Shaded area between the curves

Capitalism

- *“Capitalism, newly triumphant, probably has to re-invent itself”* (Handy, p. 55)

- Does the Cobbler’s Conundrum article provide evidence that capitalism is re-inventing itself? Explain.

Viewpoints on Change

- What have other authors had to say about managing change?
 - Collins & Porras
 - Greiner
 - Chandler

- Are their ideas consistent with the sigmoid curve? In what ways do they differ?

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Is change good or bad?

The comic strip features Dilbert, the dog, and several colleagues. Dilbert starts by stating 'CHANGE IS GOOD' with a smiley face. His colleagues question this, asking 'ANY QUESTIONS?' and 'WHO WANTS THIS ONE?'. Dilbert responds 'I GOT IT.' and 'QUESTION: WHY DON'T YOU TRIPLE OUR PAY? THAT WOULD BE A CHANGE.' One colleague replies 'THAT WOULD NOT BE IN THE BEST INTEREST OF SHAREHOLDERS.' Dilbert then asks 'OKAY, WHY DON'T YOU WORK FOR FREE? THAT'S A CHANGE THAT'S GOOD FOR SHAREHOLDERS.' Another colleague asks 'OR WOULD IT BE BETTER TO ADMIT THAT CHANGE CAN BE VERY BAD?' Dilbert concludes with 'MY FAVORITE PART WAS WHEN HE YELLED, "STOP RUINING MY SLOGANS WITH YOUR LOGIC!"' and laughs 'HEE-HEE!!!'.

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The Cobbler's Conundrum

- Develop a "Cobbler's conondrum" exam question based on the ideas of the author assigned to your team
- You can use all your material (articles, notes, etc.)
- Your questions should be designed to test your fellow class members on their knowledge of the classic management theory (or critical thinking) and their ability to apply it to the concrete situation of Tom's.
- Show your question to your instructor and once it is approved write it on the board

The Cobbler's Conundrum

- Answer individually the question assigned to your team (use a clean sheet, write your name and the question number). Maximum one page.
- You can use all your material (articles, notes, etc.)
- One team member collects all the individual answers and hand them in to the instructor.

The Cobbler's Conundrum

- Get together with your team to evaluate and rank all the individual answers to the exam question that you have designed
- Each answer should be read aloud and evaluated by all team members
- Assign grade and provide detailed justification (see grading key; next slide)
- One team member collects all the individual answers and hand them in to the instructor.

Example of Grading Key

MARKS	FEATURES OF ANSWER
2 marks	Clear and concise <u>claim</u>
2 marks	Demonstrate clear <u>understanding</u> of the concept, define it and explain it, author, etc...
4 marks	Ability to identify at least 2-3 <u>evidences</u> from article, and <u>match</u> author and concept with the evidences to the etc...
2 marks	Persuasive <u>writing style</u> : clear and precise, counter arguments, objections, etc...

Debrief

- Were you surprised by the answers that were provided to your team's question?
- Which answers were particularly good?
- Which answers needed improvement? Can you suggest ways to improve them?
- Was it easy to evaluate the various answers?
- What have you learned from this exercise in preparation for the final exam?
- Hand in your class work

Preparation for Next Week

- Individual assignment
- Readings for next week
 - **Tannenbaum & Schmidt's** article on Leadership
 - **Toller:** The case for letting teams elect their own managers
- **Bring all your material (fundamental business articles; textbook)! We are starting to prepare for the final exam**
- Don't forget to check your mailbox and our class folder **Moodle**