

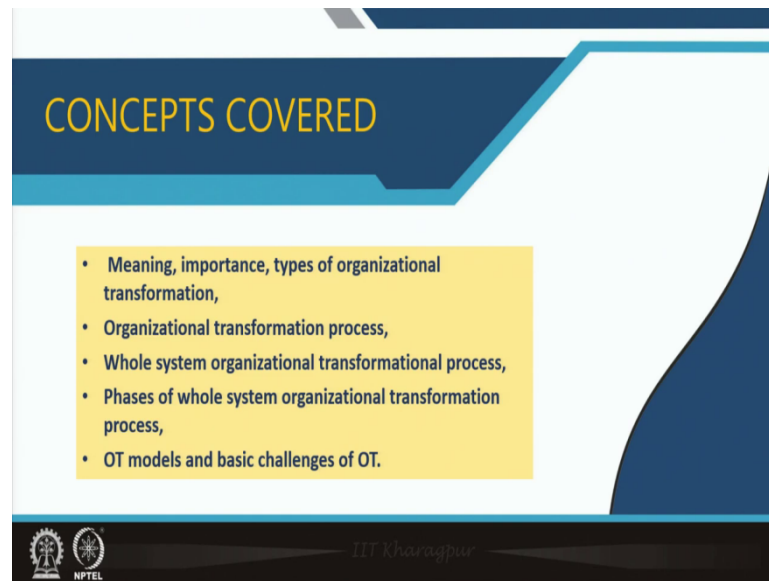
Organizational Design Change and Transformation
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Indian Institute of Technology, Kharagpur

Module - 10
Lecture - 49
Organizational Transformation

Welcome to the sessions on Organizational Design, Change and Transformation. We are on module 10. In the last lectures we discussed about organizational birth growth cycle. We discussed about organizational decline and death. We also discussed about organizational inertia and resilience. In today's lecture, we are going to discuss on Organizational Transformation.

Because when our organization reaches a decline in death stage and it has the it can overcome its inertia and it has a resilience to deal with the stress of the external environment and bounce back. What happens in the organization is transformation. So, here today in this lecture session we are going to know about what we exactly mean by organizational transformation, what are the factors related to it, how an organization can get transform it is health. So, let us see what is there in this discussion today.

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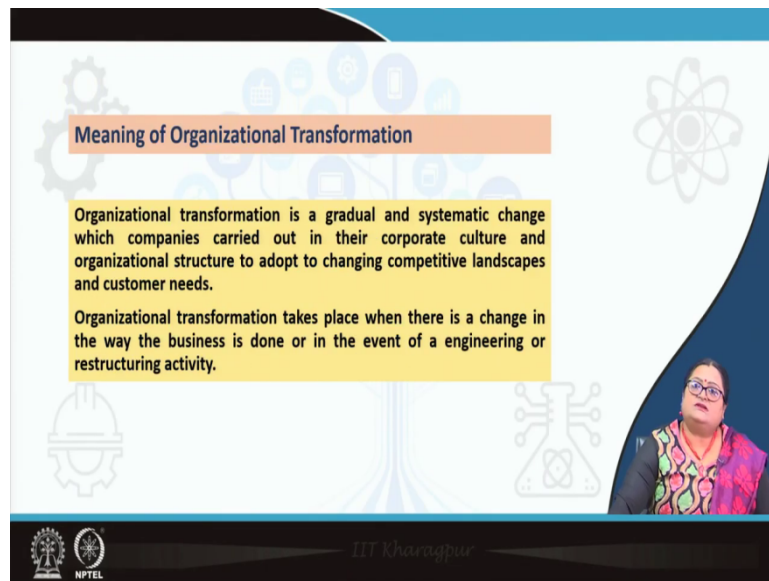
CONCEPTS COVERED

- Meaning, importance, types of organizational transformation,
- Organizational transformation process,
- Whole system organizational transformational process,
- Phases of whole system organizational transformation process,
- OT models and basic challenges of OT.

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The concepts covered today are meaning, importance, types of organizational transformation, organizational transformation process, whole system organizational transformation process, phases of whole system organizational transformation process, organization transformation models and basic challenges.

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Meaning of Organizational Transformation

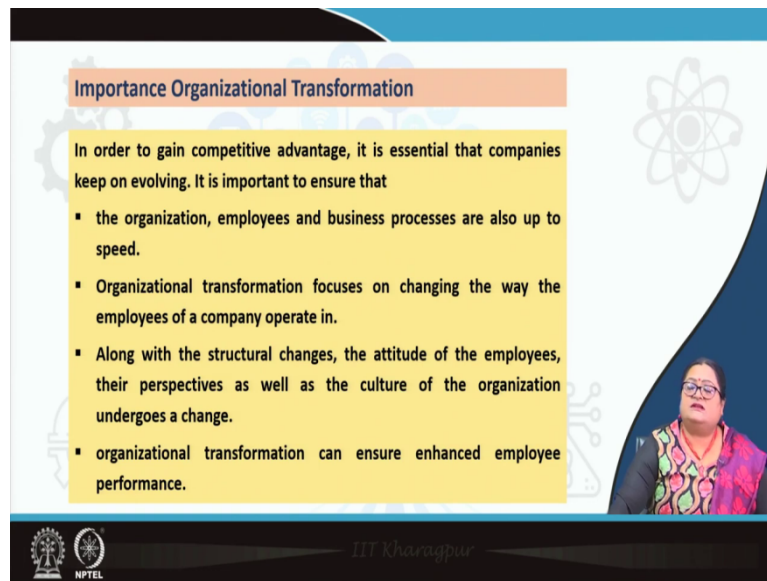
Organizational transformation is a gradual and systematic change which companies carried out in their corporate culture and organizational structure to adopt to changing competitive landscapes and customer needs.

Organizational transformation takes place when there is a change in the way the business is done or in the event of a engineering or restructuring activity.

The slide features a blue and white background with various icons including gears, a lightbulb, a person, and a network diagram. A video feed of a woman with glasses and a colorful patterned top is visible in the bottom right corner. The bottom of the slide contains the logos of IIT Kharagpur and NPTEL.

Now, what is organizational transformation? Organizational transformation is a gradual and systematic change which companies carried out in the corporate culture and organizational structure to adapt to changing competitive landscapes and customer needs. Organizational transformation takes place when there is a change in the way the business is done or in the event of an engineering or a restructuring activity.

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Importance Organizational Transformation

In order to gain competitive advantage, it is essential that companies keep on evolving. It is important to ensure that

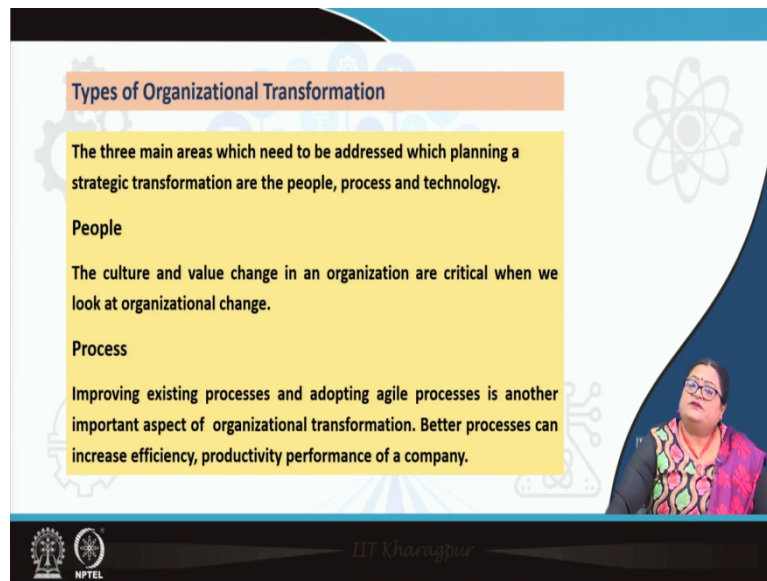
- the organization, employees and business processes are also up to speed.
- Organizational transformation focuses on changing the way the employees of a company operate in.
- Along with the structural changes, the attitude of the employees, their perspectives as well as the culture of the organization undergoes a change.
- organizational transformation can ensure enhanced employee performance.

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Now, what is the importance of organizational transformation? In order to gain competitive advantage, it is essential that the companies keep on evolving. It is important to ensure that the organization, employees and business processes are also up to the speed. Organizational transformation focuses on changing the way the employees of the organization operate in. Along with the structural changes the attitude of the employees, their perspective as well as the culture of the organization undergoes a change.

Organizational transformation can be enhanced lead to enhanced employee performance. So, whenever we are talking of transformation we are talking of as in getting a new identity, new ways of functioning, new perspectives of looking at things, changing the way that we behave, the changing the way the perspectives that we hold towards certain things, so, having a real look into the self identity and emerging as a like a newer organization.

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Types of Organizational Transformation

The three main areas which need to be addressed which planning a strategic transformation are the people, process and technology.

People

The culture and value change in an organization are critical when we look at organizational change.

Process

Improving existing processes and adopting agile processes is another important aspect of organizational transformation. Better processes can increase efficiency, productivity performance of a company.

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Now, what are the different types of organizational transformation? The three main areas which need to be addressed while planning and strategic transformation are people process and technology. In people – why people? Because people have to function their mindset needs to be changed.

The culture and value change in an organization are critical when we look at organizational change. The process, improving existing processes and adopting agile process is another important aspect of organizational transformation. Better processes can increase efficiency, productivity and performance of the company.

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Types of Organizational Transformation

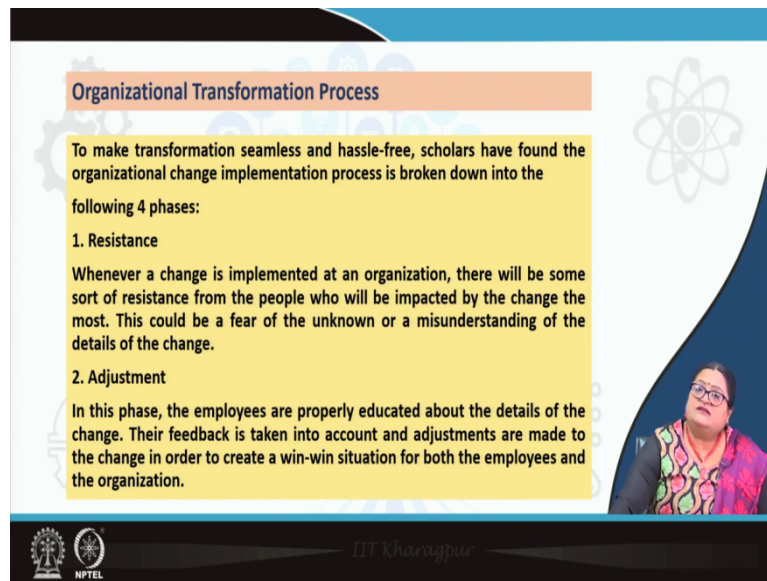
Technology

Innovation, technical expertise and automation are essential elements which can boost a business. A business having less technological advancements can stagnate and end up losing an advantage they might have.

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So, after we have done with people and the process, another important sub component which will help in organizational transformation is that of technology. Innovation, technical expertise and automation are essential elements which can boost a business. A business having less technological advancements can stagnate and end up losing an advantage they might have.

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Organizational Transformation Process

To make transformation seamless and hassle-free, scholars have found the organizational change implementation process is broken down into the following 4 phases:

- 1. Resistance**
Whenever a change is implemented at an organization, there will be some sort of resistance from the people who will be impacted by the change the most. This could be a fear of the unknown or a misunderstanding of the details of the change.
- 2. Adjustment**
In this phase, the employees are properly educated about the details of the change. Their feedback is taken into account and adjustments are made to the change in order to create a win-win situation for both the employees and the organization.

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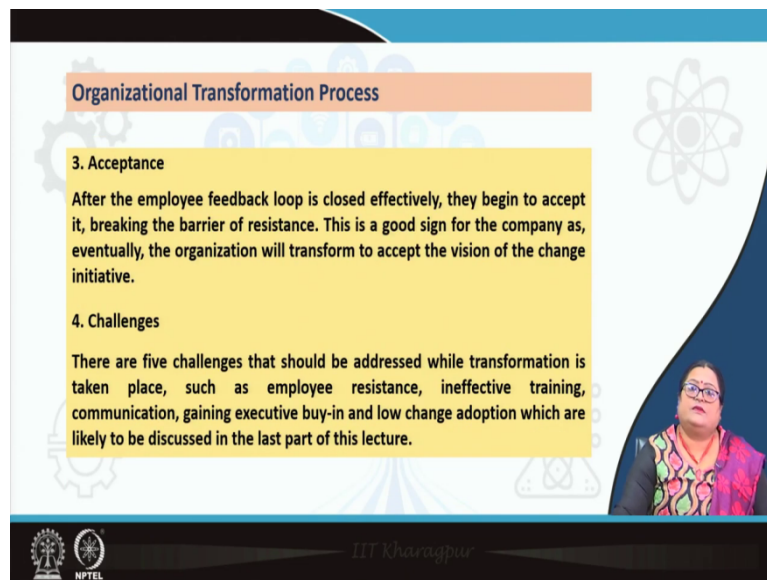
Now, there is a definite process of or phases of organizational transformation. So, there have been researches based on organizational transformation. So, we will be discussing here about the phases of organizational transformation. To make transformation very seamless and hassle free, scholars have found that the organizational change implementation process is broke broken down into the four phases.

The 1st phase of course, is that of resistance. As we understand whenever a change is implemented in an organization there will be some sort of resistance from the people who will be impacted by the change the most. This could be a fear of the unknown or a misunderstanding of the details of change.

2nd stage is of course, adjustment. In this phase the employees are getting properly educated about the details of the change. The feedback is then taken to account for the adjustments that

are made in order that the change to create needs to create a win-win situation for both the employees and the organization.

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The slide is titled "Organizational Transformation Process" and is divided into two main sections. The first section, "3. Acceptance", describes how employees begin to accept change after an effective feedback loop, breaking the barrier of resistance. The second section, "4. Challenges", lists five challenges: employee resistance, ineffective training, communication, gaining executive buy-in, and low change adoption. The slide also features a small video inset of a woman in the bottom right corner and logos for IIT Kharagpur and NPTEL at the bottom.

Organizational Transformation Process

3. Acceptance
After the employee feedback loop is closed effectively, they begin to accept it, breaking the barrier of resistance. This is a good sign for the company as, eventually, the organization will transform to accept the vision of the change initiative.

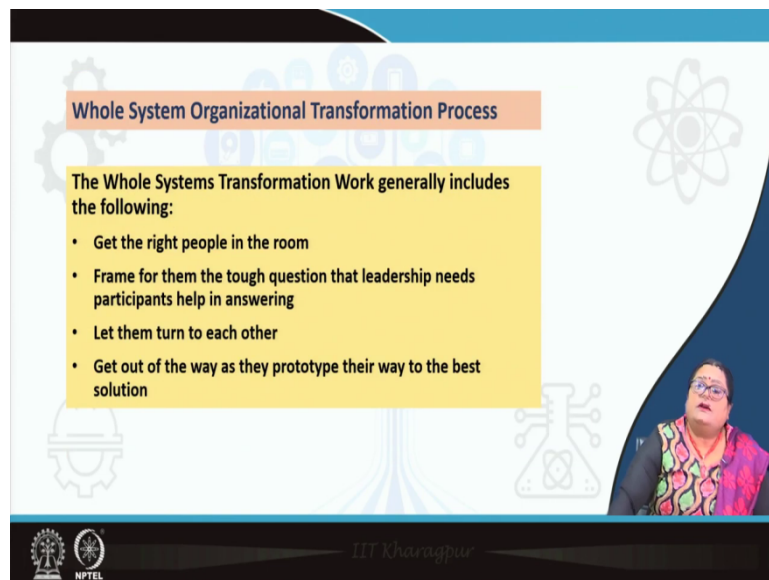
4. Challenges
There are five challenges that should be addressed while transformation is taken place, such as employee resistance, ineffective training, communication, gaining executive buy-in and low change adoption which are likely to be discussed in the last part of this lecture.

So, after there is a resistance and people are trying to adjust to the situations third phase comes is that of organization the acceptance of change. So, after the employee feedback loop is closed effectively, they begin to accept it like the whatever change process has been introduced breaking the barrier of resistance. This is a good sign for the company as, eventually, the organization will transform to accept the vision of the change initiative.

And of course, in this whole process there are few challenges. So, the next phase is that of challenges. So, there are like few challenges that needs to be addressed while transformation is taking place like the resistance, and then ineffective training, communication, getting

gaining executive buy-in and low change adoption which are likely to be discussed in the last part of this lecture session.

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Whole System Organizational Transformation Process

The Whole Systems Transformation Work generally includes the following:

- Get the right people in the room
- Frame for them the tough question that leadership needs participants help in answering
- Let them turn to each other
- Get out of the way as they prototype their way to the best solution

The slide features a blue and white background with faint icons of a gear, a lightbulb, a person, and a network. A video inset in the bottom right corner shows a woman with glasses and a colorful patterned top speaking. The bottom of the slide includes the IIT Kharagpur and NPTEL logos.

Now, if the organization has to transform as a whole so, what needs to be done? So, here we are going to focus on the whole system organizational transformation process. The whole system organizational transformation work generally includes the following things. Getting the right people in the room.

Frame for them the tough question that leadership needs participants help in answering. Let them turn to each other. Get out of the way as they prototype their way to the best solution. So, what we get to understand like we need to understand who will be the torch bearers of the change like who can move this process forward.

So, help them to and think about reflectively about how to solve the particular problems and come out with certain solutions, help them to collaborate, like encourage them to collaborate with each other and like so that with discussion with each other they come out with the solution and like giving like they should evolve with the solution because if new people start thinking newer solutions come up.

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The slide is titled "Phases of Whole System Organizational Transformation". It is divided into two main sections: Phase-I and Phase-II. Phase-I is titled "Phase-I: Leadership Transformation" and includes a bullet point stating: "The initial phase consists of an offsite with the leaders. The benefit of leadership transformation work is multidimensional; an engaged executive leadership team is aligned in one heart and brain with the vision, mission, strategy and culture." Phase-II is titled "Phase-II: Transform Critical Mass" and includes a bullet point stating: "The design and execution of powerful large-group interactive events engage hundreds of participants within the system to drive a significant shift for the organization". The slide features a blue and white color scheme with decorative icons of gears and a network diagram. A small inset video of a woman is visible in the bottom right corner. Logos for IIT Kharagpur and NPTEL are at the bottom.

Phases of Whole System Organizational Transformation

Phase-I: Leadership Transformation

- The initial phase consists of an offsite with the leaders. The benefit of leadership transformation work is multidimensional; an engaged executive leadership team is aligned in one heart and brain with the vision, mission, strategy and culture.

Phase-II: Transform Critical Mass

- The design and execution of powerful large-group interactive events engage hundreds of participants within the system to drive a significant shift for the organization

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The phase – I is that of leadership class. So, as you can see like the selecting right people and involving them in the decision making process requires like the leadership transformation is happening. So, the phase 1 of this whole system organizational transformation is the leadership transformation. The initial phase consists of an offsite with the leaders. The benefit of leadership transformation work is multi-dimensional.

And, engaged executive leadership team is aligned in one heart and brain with the vision, mission, strategy and culture. So, it is very important to create a team of change leaders torch bearers who will be aligned those thought process will be aligned with the vision, mission of the organization who are able to communicate well with each other, who have complimentary competencies and who can think to evolve with newer thought processes for the benefit like giving a new look to the organization or new perspective to the organization.

Phase – 2 is transform the critical mass. The design and execution of powerful large group interactive events engage hundreds of participants within the system to drive a significant shift for the organization. So, first when we get to understand the leaders and we bring our change leaders like those who will be champions of change, then what happens?

Slowly the transformation of the larger set of people takes place because the champions of change will try to go back and get to understand the pulse of the people and they will again share their ideas get to know from them and as a result the transformation of the critical mass happens.

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The slide features a central title box with the text "Phases of Whole System Organizational Transformation". Below it, a yellow box highlights "Phase-III: Sustained Development" with a bullet point: "The process is to set up leadership and the entire organization to sustain the change process for years to come. After their initial breakthrough work, performance continues to be extraordinary without dependence on externals". The slide is decorated with icons of a gear, an atom, a hard hat, and a circuit board. A woman is visible in the bottom right corner, and the bottom of the slide contains logos for IIT Kharagpur and NPTEL.

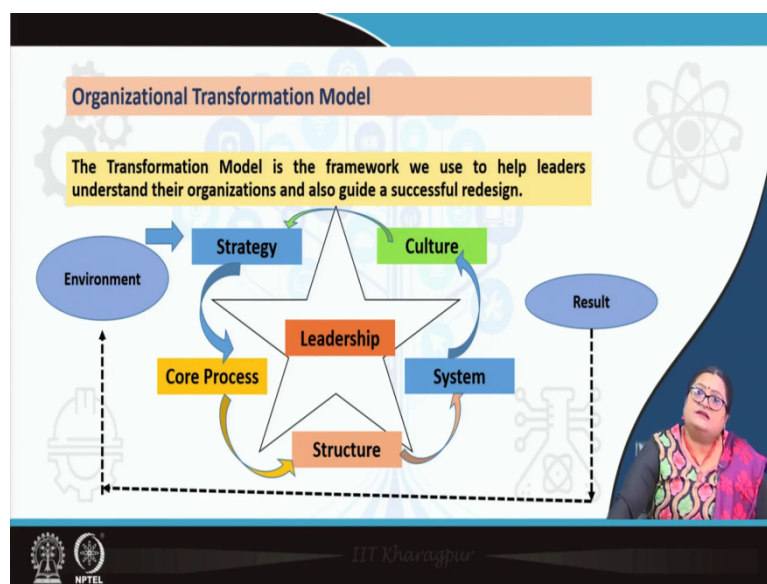
Phase – 3 is sustained development. The process is to set up leadership and the entire organization to sustain the change process for years to come. After the initial breakthrough work, performance continues to be extraordinary without dependence on externals. So, it is very important that the holding environment facilitating environment is given in the organization. So, whatever change is introduced it sustains for years to come.

So, after the initial period of like brainstorming, experimenting, exploring lead what happens and we try to get a path to move through, then like people become get to understand their own competencies understand like what they gain their own confidence in doing things and they can know like you know they can move to organization forward without any dependence on external agencies for help.

So, coming to this stage where people like after the process of change generally there is lot of stress and you know like resistance. But when that is overcome and I get to know understand about these are my competencies these are my capabilities and I start believing in my competencies I gain confidence then with that confidence the change leaders.

And as well as the critical people who the mass was their employees within the organization. If they get to understand the newer vision and get engaged in the process then the performance like improves without like much of dependence on the outside because they know like they are competent enough to move the organization forward.

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Now, organizational transformational models. The transformation model is the framework we use to help leaders to understand their organizations and also guide a successful redesign. So,

this model will help to understand like what are the you can see the one processes linked with the other and how it like leads to a redesign and in the central you find it is leadership.

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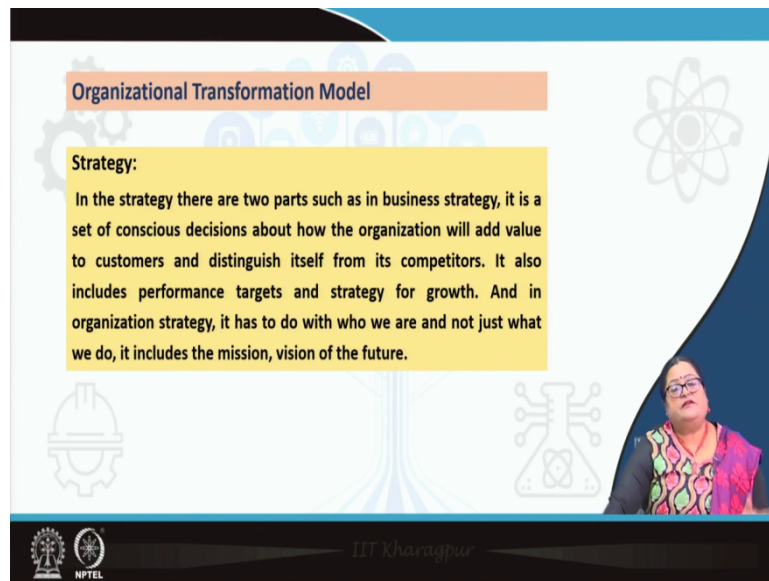
Organizational Transformation Model

Environment:
Organizations, like all living systems, can survive only to the extent that they maintain harmony with their external environment. This includes being sensitive to the evolving needs and perceptions of customers, understanding changes occurring in technologies, knowing your competition and understanding the legal, social and political climates.

The slide features a blue and white background with various icons: a gear, a lightbulb, a network diagram, a hard hat, a tree, and a chemical flask. In the bottom right corner, a woman with glasses and a colorful patterned top is visible, likely the presenter. The bottom of the slide includes the IIT Kharagpur and NPTEL logos.

So, first is we get a signal from the environment. Organizations, like all living systems, can survive only to the extent they maintain harmony with their external environment. This includes being sensitive to the evolving needs and perceptions of the customers, understanding changes occurring in technologies, knowing your competition and understanding the legal, social and political climates.

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Organizational Transformation Model

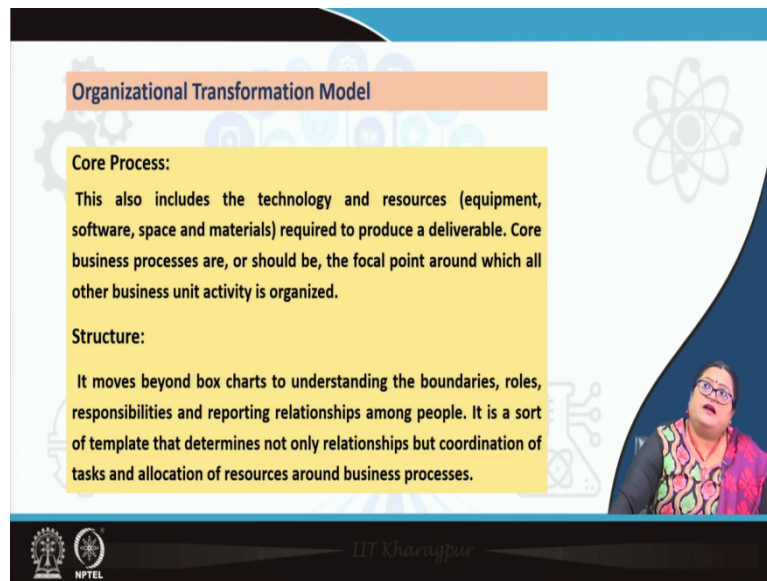
Strategy:

In the strategy there are two parts such as in business strategy, it is a set of conscious decisions about how the organization will add value to customers and distinguish itself from its competitors. It also includes performance targets and strategy for growth. And in organization strategy, it has to do with who we are and not just what we do, it includes the mission, vision of the future.

The slide features a blue and white background with various icons: a gear, a lightbulb, a brain, a network diagram, and a person. The NPTEL logo is visible in the bottom left corner, and the text 'IIT Kharagpur' is centered at the bottom.

Next after you know the challenges of the environment it is very important to know about the strategy to be followed. In the strategy there are two parts such as the business strategy, it is a set of conscious decisions about how the organization will add value to the customers and distinguish itself from its competitors. It also includes performance targets and strategy for growth. And, in organization strategy, it has to do with who we are and not just what we do. It includes the mission and vision of the future also.

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Organizational Transformation Model

Core Process:
This also includes the technology and resources (equipment, software, space and materials) required to produce a deliverable. Core business processes are, or should be, the focal point around which all other business unit activity is organized.

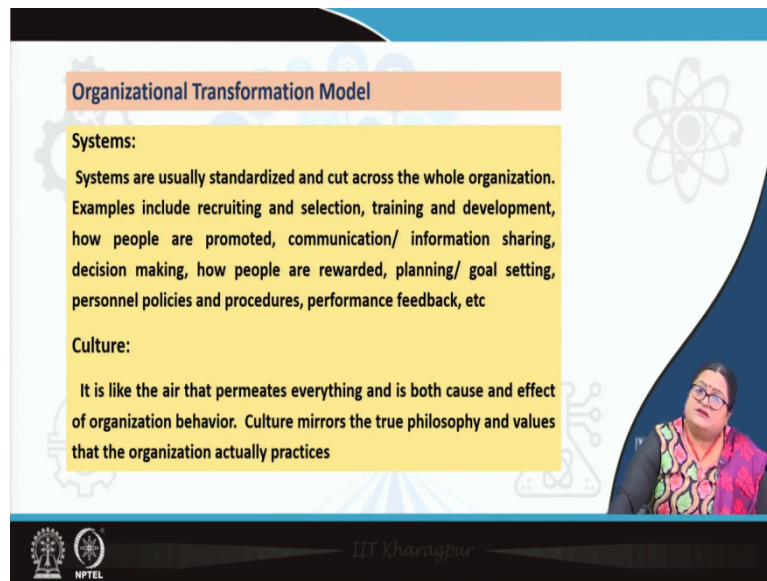
Structure:
It moves beyond box charts to understanding the boundaries, roles, responsibilities and reporting relationships among people. It is a sort of template that determines not only relationships but coordination of tasks and allocation of resources around business processes.

The slide features a blue and white background with a gear icon on the left and an atom icon on the right. A video inset in the bottom right corner shows a woman with glasses and a colorful patterned top. The footer contains the logos of IIT Kharagpur and NPTEL.

So, after we have done understood the environmental challenges and we have framed those strategies. So, there are certain core processes in the organization which has to be tuned with the strategy, so that it can be like executed and implemented. So, the core process includes the technology and resources which is the equipment, software, space and materials required to produce a deliverable. Core business processes are, or it should be, the focal point around which all other business unit activity is organized.

During order to like the organization to function, properly in order to that the core processes are functioning properly do it is very important that there is a structure in the organization. So, it tells about the boundaries, the roles, responsibilities and reporting relationships among people. It is a sort of template that determines not only relationships, but coordination of task and allocations of resources around the business processes.

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Organizational Transformation Model

Systems:
Systems are usually standardized and cut across the whole organization. Examples include recruiting and selection, training and development, how people are promoted, communication/ information sharing, decision making, how people are rewarded, planning/ goal setting, personnel policies and procedures, performance feedback, etc

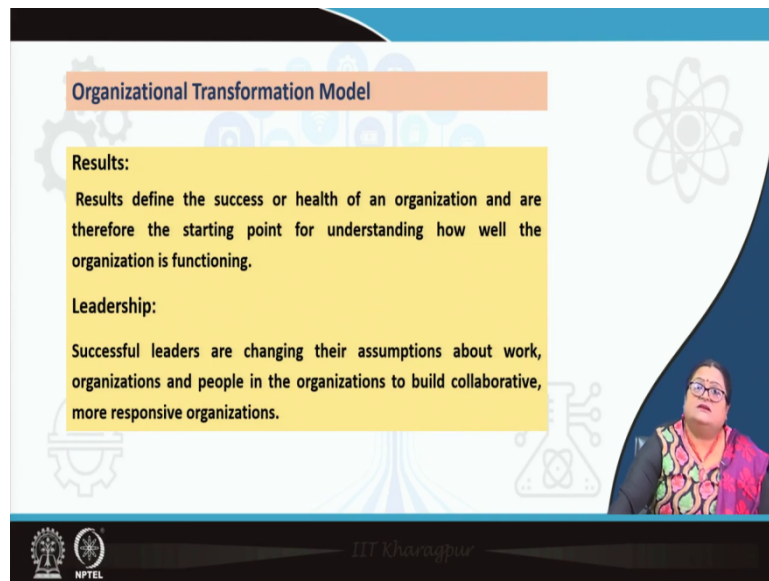
Culture:
It is like the air that permeates everything and is both cause and effect of organization behavior. Culture mirrors the true philosophy and values that the organization actually practices

The slide features a blue and white background with a stylized atom symbol in the top right. A video inset in the bottom right shows a woman with glasses and a colorful patterned top. The bottom of the slide contains logos for IIT Kharagpur and NPTEL.

Systems the next important point of focus is systems. These are usually standardized and cut across the whole organization. Example includes recruiting and selection, training and development, how people are promoted, communication, information sharing, decision making, how people are rewarded planning, goal setting, personal policies, promotions etcetera, performance feedback also.

Culture – It is like the air that permeates everything and is both the cause and effect of organizational behaviour. Culture mirrors the true philosophy and values that the organization actually practices.

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Organizational Transformation Model

Results:
Results define the success or health of an organization and are therefore the starting point for understanding how well the organization is functioning.

Leadership:
Successful leaders are changing their assumptions about work, organizations and people in the organizations to build collaborative, more responsive organizations.

The slide features a blue and white background with faint icons of gears, a person, and a molecular structure. A video inset in the bottom right corner shows a woman with glasses and a colorful patterned top. The bottom of the slide contains the logos of IIT Kharagpur and NPTEL.

The results: The results define the success or health of an organization and therefore, the starting point for understanding how well the organization is functioning. And, of course, the central of everything is leadership. Successful leaders are changing their assumptions about work, organizations and people in the organizations to build collaborative and more responsive organizations.

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Basic Challenges in Organizational Transformation

Challenges that should be addressed before undergoing transformation are-

- Employee Resistance
- Ineffective Training
- Communication
- Gaining Executive Buy-In
- Low Change Adoption

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Now, what are the basic challenges of organizational transformation? The challenges that need to be addressed before undergoing organizational transformation are – employee resistance, ineffective training, communication, gaining executive buy-in and low change adoption.

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Basic Challenges in Organizational Transformation

- **Employee Resistance:** earlier, employee resistance is the most common barrier to successful organizational transformation.
- **Ineffective Training:** Employees have to be trained to perform new tasks and operations. Effective training speeds up the adoption of the change.
- **Communication:** Without proper communication between everyone involved in the change process, the execution of the change initiative is destined to fail. A successful enterprise can have the best management framework but its change initiative will fail if communication takes a back seat.

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Now, we will discuss each of them in some details. Employee resistance: earlier, employee resistance is the most common barrier to successful organizational transformation. Ineffective training: employees have to be trained to perform new tasks and operations. Effective training speeds up the adoption of change.

Communication: Without proper communication between everyone involved in the change process, the execution of the change initiative is destined to fail. A successful enterprise can have the best management framework, but its change initiatives will fail if communication takes a back seat.

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The slide features a light blue background with various icons: gears, a tree with nodes, an atom, a hard hat, and a circuit board. A yellow box contains the following text:

- **Gaining Executive Buy-In:** A lack of executive buy-in can greatly impact the employees' opinion on the importance of the change. This leads to a rise in resistance among employees.
- **Low Change Adoption:** To see the real change in business outcomes that the proposed change will bring in, employees have to adopt the changes properly.

A video inset in the bottom right corner shows a woman with glasses and a colorful patterned top. The bottom of the slide includes the IIT Kharagpur and NPTEL logos.

Gaining executive buy-in: A lack of executive buy-in can greatly impact the employees' opinion or the importance of change. This leads to rise of resistance among the employees.

Low change adoption: To see the real change in business outcomes that the proposed change will bring in, employees need to adapt to the changes properly.

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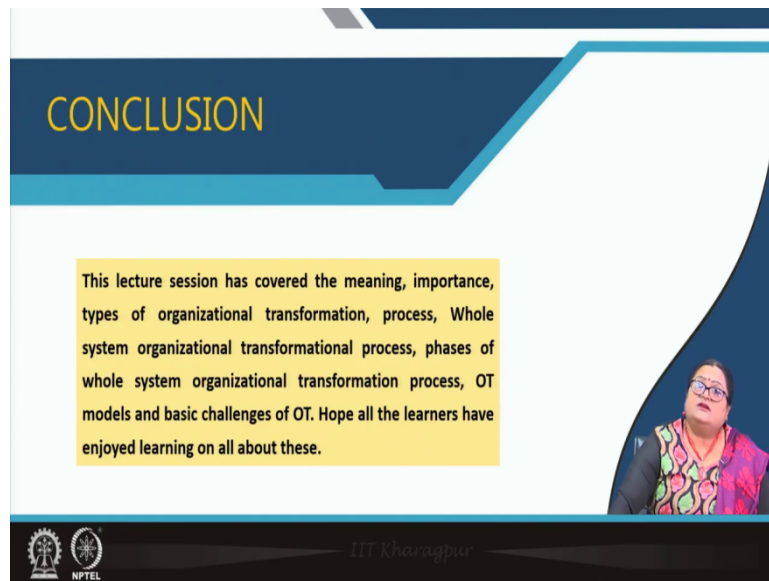
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These are the references that we have used for this discussion.

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CONCLUSION

This lecture session has covered the meaning, importance, types of organizational transformation, process, Whole system organizational transformation process, phases of whole system organizational transformation process, OT models and basic challenges of OT. Hope all the learners have enjoyed learning on all about these.

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So, in conclusion we can tell this lecture session has covered the meaning, importance, types of organizational transformation, process, whole system organizational transformation process, phases of the whole system organizational transformation process, organizational transformation models and basic challenges.

Hope, we hope that all the learners have enjoyed knowing about organizational transformation. Here we have just introduced the topic. We have like given you the awareness what we mean by organizational transformation. We will be discussing more on details about organizational transformation as like more in second degree change.

Like in like when we come to like module 12 of our discussion which mainly focuses on the organizational transformation and what are the processes related to it. Here we have just introduced you to the basic topic, but detailed discussion will be done like module 12. So,

keep tuned with us, have read like and if you are any questions, please refer to the you can always write to us in your forum and we will be happy to answer to your question.

Thank you for now.