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# NEXT GENERATION BUSINESS HANDBOOK

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New Strategies from  
Tomorrow's Thought Leaders

Led by  
SUBIR CHOWDHURY



WILEY

JOHN WILEY & SONS, INC.

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Published by John Wiley & Sons, Inc., Hoboken, New Jersey

Published simultaneously in Canada

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***Library of Congress Cataloging-in-Publication Data:***

Chowdhury, Subir.

Next generation business handbook/by Subir Chowdhury

p. cm.

Includes bibliographical references and index.

ISBN 0-471-66996-2 (cloth)

1. Management. 2. Business. I. Chowdhury, Subir II. Title.

HD31.C5136 2004

658—dc22

2004003021

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1



## CHAPTER FIFTY-FOUR

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# THE FOUR THRUSTS DRIVING CORPORATE RENEWAL

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Quy Nguyen Huy

**W**hy is corporate renewal so difficult, and what can leaders of change do to improve their batting average and accelerate this process? Corporate renewal does not just imply quick improvement in financial performance but involves a qualitative change in organizational capabilities, a lasting transformation in the way all employees interact among themselves and with external stakeholders. It exhibits a sustainable quality that mobilizes employees' creativity and goodwill to achieve ambitious organizational goals. Renewal as a continuous process occurs when both insiders and outsiders concur that organizational capabilities have significantly improved, such as (1) the way in which various functions and business units coordinate and handle conflicts among themselves, which affects individual employees' ability to make things happen beyond their own narrow work boundaries; (2) how the organization learns and deals with new ideas coming from all internal levels as well as from outside, which affects the organization's ability to innovate; and (3) concern for people, which affects how strongly employees identify with the organization as an institutional whole and their willingness to mobilize the extra ounce of energy that would transform adequate work into extraordinary achievement, awing competitors as much as customers.

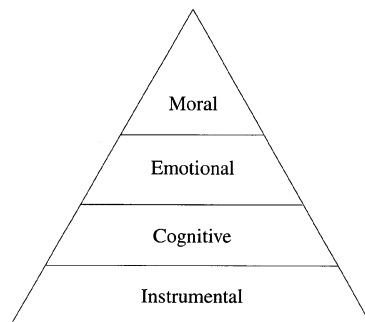
***Corporate renewal does not just imply quick improvement in financial performance but involves a qualitative change in organizational capabilities, a lasting transformation in the way all employees interact among themselves and with external stakeholders.***

Based on my own six years' field research, in which I interviewed and followed hundreds of managers at all levels in a large information-technology firm (disguised as Infotech), then validated the findings with managers and case research data from 18 other organizations worldwide, I suggest that leaders of change who are ambitious enough to undertake this rewarding but challenging task should energize change by activating the following four thrusts:

1. The instrumental thrust, which attends to the concrete and ordinary
2. The cognitive thrust, which attends to people's minds
3. The emotional thrust, which attends to people's hearts
4. The moral thrust, which attends to people's aspirations for the sacred

All four thrusts (shown hierarchically in Figure 54.1) must be activated to improve the likelihood of renewal. Many attempts at corporate transformation have lost momentum or been unnecessarily drawn out because leaders of

**FIGURE 54.1. THE FOUR THRUSTS OF CORPORATE RENEWAL.**



change focused on one thrust at the expense of the others or because they waited too long before energizing another thrust. The danger with procrastination is that employees quickly become cynical about perceived inconsistencies in change actions and develop stronger yet more subtle forms of resistance to change. This is equivalent to administering antibiotics in small doses that allow bacteria time to mutate and develop stronger resistance. Inconsistent and protracted change actions further cause change fatigue and sap the goodwill and energy of a critical mass of loyal and talented employees who hold the key to corporate renewal. The organization thus risks losing its most talented and entrepreneurially minded individuals before it can revitalize itself.

Picture a circus plate juggler. As one plate is thrown into the air and stays temporarily in orbit, the second and then the subsequent plates are launched, one by one. The juggler's skill is to be able to give a spin to every plate at the right moment to keep all of them in orbit. The more plates he or she can keep in the air, the more impressive the performance will be. Attending to the four thrusts requires the same balancing, timing, and synchronization skills.

## The Instrumental Thrust

Corporate transformation should first focus on the concrete and the ordinary, or what Mircea Eliade called the "profane." Some call this set of relatively superficial actions corporate turnaround—the skin-deep version of corporate renewal. As with a visit to a hospital emergency room, turnaround is effective in the short term in getting a company out of impending danger so that long-term recovery can begin. Although leaders may be strongly tempted to come up with a grand strategic vision to kick off a change effort, the stark reality is that rarely can leaders devise a creative, believable, and energizing vision under sharp time constraints. Most will be in a firefighting mode and will have no time to philosophize.

Upon moving into the top job of a company in crisis, Louis Gertsner of IBM and Greg Brenneman of Continental Airlines could not afford to think too much about designing an elegant strategic vision. Before starting the change process, Gerstner shocked people who asked him about his vision of the future IBM when he snorted out that the last thing IBM needed to work on right now was producing another vision. Both Gerstner and Brenneman initially focused on listening to customers who had been given short shrift. Similarly, Jack Welch only started to articulate a vision of the core business of GE several years after the massive streamlining of the corporate portfolio took place. I suggest that we shy away from the generic and often meaningless word *vision*,

which too often looks like a long wish list of desires that are strangely similar from one company to another irrespective of industry and has been the source of much cynicism on the part of employees.

**Strategy is often 10 percent inspiration and 90 percent perspiration in execution.**

Most top managers would agree that it is relatively easy to get “brilliant” ideas: there are plenty of consultants around who are willing to help. Strategy is often 10 percent inspiration and 90 percent perspiration in execution. The real challenge is to “implement” those ideas. To improve the odds of implementation success, the key is to focus

on a few very concrete, medium-term goals that will show employees that the leaders know the business and that the change goals make sense, that is, goals that are doable and attractive to employees. This means that these goals are focused on things other than *just* profit maximization.

Operational improvements tend to appeal to employees and customers alike. Greg Brenneman, the president of Continental Airlines, inherited a company that was a few weeks away from bankruptcy. He proposed three down-to-earth, easy-to-understand goals to employees and customers: (1) having clean airplanes, (2) getting people and their bags to their destinations on time, (3) serving decent food at mealtimes. There were no grandiose mission or vision statements about being the number one company in air-passenger transportation, responsible corporate citizenship, maximizing shareholder value, or other similar but hollow platitudes. Companies that don’t do all these things are unlikely to stay in business for long anyway. So how did Brenneman get these ideas? By asking business travelers who paid full fare and traveled a lot—that is, the typical customer sitting in seat 9C on the aisle near the front—a rather straightforward question: “What do you want, *and what will you pay extra for?*”

Financial concerns should first center on securing positive cash flows, which typically represents a priority for most corporate turnarounds. Few employees and investors would be opposed to a focus on cash management to meet short-term payroll, fair compensation for layoffs, and debt payments.

Thus, most companies can get started on the path to corporate renewal by doing a few important things right. Welch insisted on “simplicity” as an important value: “Less is better.” Leaders should shy away from unnecessary sophistication in organizations that have low to moderate receptivity to and capability for ambitious change. As Napoleon learned at Waterloo, sophisticated strategies could not be carried out with fragmented mobilization. Working on concrete goals and deriving ordinary benefits energizes people. It shows that the organization has focus and is not wasting its scarce resources by scattering

them in disconnected directions. It pulls fractious departments and business units together.

But as concrete as these goals seem to be, they are still not specific enough. Goals have to be tracked with concrete measures that are as objective as possible. The top team at Continental chose a narrow set of about 15 key performance measures that were aligned on operational and financial needs and tracked them systematically on a monthly basis. To show that employees’ welfare constituted an important part of the change process, statistics on sick leave, turnover, and on-the-job injuries were monitored.

The most important lever to improve alignment of employees’ interests with change goals lies in the human-resources evaluation and incentive systems. It is ludicrous to expect a change in behavior while the formal and informal incentive systems still confer more rewards for old behaviors than new ones.

Incentives have to be aligned in a win-win customer-employee-investor mode. The father of the widely vilified scientific management, Frederick Winslow Taylor, wrote in 1911 that his theory is founded on the principle that the “prosperity of the employer cannot exist through a long term of years unless it is accompanied by prosperity for the employee, and *vice versa*.”<sup>1</sup> His theory could not be successfully implemented otherwise. But many managers ignored this crucial admonition and remembered what suited them. To fix the delayed-arrival problem, Brenneman gave each employee \$65 when Continental finished in the top five out of ten airlines in on-time performance. Within months, the company was regularly finishing first. Material incentives are not the only thing, but they surely attenuate people’s misery. This is the profane side of change.

Most people believe more in action than in rhetoric. Jack Welch made explicit the new evaluation and reward criteria at GE based on both values compatibility and work performance and demanded that they be applied at all levels. Sears instituted 360-degree reviews of all of its 19,000 managers on 12 leadership criteria. Many leaders often pay attention only to the top ranks, somehow hoping that the new reward system and the new “culture” will automatically seep down to the lower levels. They might, but this haphazard process takes time, and cynicism at the lower levels will likely creep in more quickly.

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## The Cognitive Thrust

A renewal effort implies learning new skills, new behaviors, and new ways of thinking about the same old problems. Good change agents are by necessity good teachers. Good teaching requires both a stimulating content *and* an energizing process. But this is not the traditional type of teaching seen in some

universities and high-school classrooms—professors lecturing on theories that have little connection to the specific reality of students' lives. Rather, it is “just-in-time,” hands-on learning. Effective teaching for adults means action learning. People are motivated when they see clear causal relationships between their personal contribution and organizational outcomes.

***Good change agents are by necessity good teachers.***

Teaching about change is effective only to the extent that every individual knows what he or she is supposed to do differently. CEO Arthur C. Martinez at Sears, a U.S.-based merchandising retailer with 300,000 employees spread over 2,000 locations, spearheaded the design of an integrative business model that causally linked nonfinancial variables to financial results. The model connects specific measures of employee attitudes to specific measures of customer satisfaction, which are then statistically linked to revenue growth. Sears found that 5 units of improvement in employee attitude led to 1.3 units of increase in customer satisfaction, which, in turn, created a 0.5 percent increase in revenue growth. This business model then served as a teaching tool at all employees' “town-hall meetings” and included learning maps, dialogue, and concrete action plans. These teaching tools drew people into the content, raised their economic literacy and understanding of the company's business environment, and challenged them to think and act differently. In the early phases, in order to build momentum for change, employees were invited to suggest ideas that could be implemented at the local level, and management was instructed to reject as few of these ideas as possible. The 200 managers at the top saw their long-term incentives based evenly on employee, customer, and financial measures.

Jacques Nasser, former CEO of Ford, strongly believed in the power of change through teaching. Jack Welch at GE, Roger A. Enrico at PepsiCo, and Lawrence A. Bossidy at Allied Signal also set up massive, cascading teaching programs that reached tens of thousands of people in a single year. Nasser started a huge teaching program that already involved 55,000 employees and would eventually cover the 300,000-strong employee base. Students learn new management tools with a clear objective in view, which disciplines and motivates students and teachers alike. Within 100 days, they are expected to deliver significant new cost-saving or revenue sources to Ford's bottom line. Does this sound too ambitious? My own research shows that, at Infotech, 104 middle managers delivered 89 “small-win” change ideas that added more than \$100 million to the corporate bottom line in less than 90 days. And teaching had not even started. These individuals simply got involved in an energizing process.

Teaching refers to the articulation of implicit beliefs stored in various people's heads and to the exchange of and debate on these points of view. Again, it's about asking simple questions, such as: (1) What are we doing today about a specific business issue? (2) Why have we been doing this? Getting working solutions requires messing around with operational details. People can prioritize more effectively when they understand the details and how those details affect work results. Discussing whether shareholder value is more important than employees' welfare is just too abstract. Back in the 1920s, Mary Parker Follet, hailed as the Prophet of Management, observed that disagreement often disappears when people stop theorizing and start considering concrete actions.

The goal of teaching is not so much to achieve a collective consensus as to attain a multifaceted and sophisticated understanding of various perspectives on the same issue. Debates are often sterile because people stay at too high a level of generality. For instance, at Infotech, many groups got upset that their cherished value of customer service was being “destroyed” and blamed change agents for this erosion in the company's competitive advantage. Yet, on closer inspection, it turned out that customer service meant different things to different people. For engineers, it meant fancier and faster electronic services and software. The answering services' priority was the availability of telephone agents who knew the general details of almost every company's products and services but did not have enough technical expertise to answer any specific query. For the marketing group, it meant fine customer segmentation to answer as well as to sell online. These people measured their response rate in seconds. Meanwhile, the repair group measured their response rate in weeks. The organization of work groups and the training requirements differed greatly, depending on the understanding of what was meant by “good” customer service.

Adults learn best through peer coaching and personal stories that touch them. Learnings from the failure of one group's experimentation can be usefully reported and studied by other groups. Grand theories and abstract statistics have little appeal for most people. Instead, people tell one another stories about so and so whom they “personally knew” in one department who did not do this and failed. Or so and so who did this and succeeded. Comparing and contrasting two personal stories may seem highly idiosyncratic, but these stories are relevant to individuals' lives, and people retain and disseminate them effortlessly.

Yet a focus on teaching alone is seldom sufficient to achieve ambitious change, which is what seemed to have happened to Ford under CEO Nasser.

***Adults learn best through peer coaching and personal stories that touch them.***

Teaching could be seen as coercive propaganda or a forced march if people could not influence the content and pedagogical process to adapt them to their personal needs and learning styles. Indeed, there were reports of strong resentment on the part of certain groups of middle managers and lower-level workers at Ford. This leads to the next question: How can a context be created in which people are willing to share their failures without fear of embarrassment and potential career penalty? Change leaders need to create an organizational thrust that deals with people's emotions.

## The Emotional Thrust

Teaching is far from a one-way street; it also means intense listening—listening to develop empathy, or at least sympathy, with those whom one seeks to change. Christian Blanc, the CEO of the moribund state-owned Air France, decided to start by listening to a vast number of people at all levels of the organization. Researchers associated with academic institutions were invited to conduct close to 150 unstructured interviews, and all 40,000 employees were included in a questionnaire survey that included several open-ended questions, which allowed people more freedom to express themselves. It was through these unstructured questions that Blanc discovered that employees had resorted to extreme and violent actions because their desperation had peaked and they felt they had no other means to be heard and taken seriously. Previous change agents had been instilling a permanent climate of insecurity and fear without imparting any feeling of hope.

My ongoing research suggests that there are at least six types of emotions that are important to the conduct of ambitious change: empathy, sympathy, commitment, hope, authenticity, and fun. Psychological research has shown that emotionally intelligent individuals are better social adapters and are more likely to succeed in business. The challenge is to create “emotionally intelligent” organizations without having to find a disproportionate number of emotionally intelligent individuals who are also willing to subsume their personal interests to collective goals.

*Empathy* refers to change agents' ability to experience the same or other appropriate emotions in response to others' feelings and to communicate and act on this experience. Change agents who are trained or who have experienced emotional pain themselves are more appreciative of various psychological and social defenses and can deal with them with appropriate sensitivity. Some organizations deliberately encouraged change agents in training to openly air their “brutal” emotions about change and to act them out in video clips.

Before attempting to unfreeze and expect other people to change, leaders of change should ensure that they themselves are unfrozen by first changing themselves. Martin Luther King, Gandhi, and Jesus first went through this painful personal transformation process and developed a deep sense of empathy and care for others that permeated their rhetoric and behavior and allowed their proposed changes to appeal to both the minds and hearts of recipients.

*Sympathy* undergirds the organization's ability to reconcile its cherished and outdated past with a future that remains to be defined. Passage through this transitional, neutral zone is highly frightening for most organization members. An adequate mourning period should be allowed that gives employees a chance to share their sense of loss and regret. Releasing repressed feelings gradually brings resolution and renewed receptivity to change. Archie McGill, the CEO of AT&T, rushed employees through the traumatic postdivestiture period and created a “psychologically damaged” organization. There was a higher degree of hostility directed toward insiders than at competitors, and the amount of suppressed anger and depression was reported to be dreadful. Having failed to come to terms with their past, employees were deprived of their full energy to attend to the future.

*Commitment* refers to employees' strong identification with and attachment to their organization. This identification bolsters their personal sense of identity and pride and reduces their anxiety in the face of a changing world. In turn, these employees display loyalty toward their organization despite short-term hardships. These loyal veterans hold most of the organizational memory. A large part of this memory is tacit, as it embeds the know-how and the know-why of the subtle interconnections among organizational routines that make them work harmoniously. This knowledge, in turn, allows revision and change of existing organizational routines. Research by Deborah Dougherty and Edward Bowman has shown that mindless downsizing of veteran middle managers—those most likely to hold an important part of this tacit knowledge—reduces the organization's ability to innovate.<sup>2</sup> My own research also suggests that middle managers play a crucial role in the development of organizational capabilities, even under conditions of radical change, and that middle managers' contributions have been largely unrecognized by outside observers.

*Hope* refers to the belief that people have both the will and the means to accomplish their goals. Hope strengthens people's capacity to persist in the face of adversity. Psychological research establishes that most people are motivated by the psychology of hope: the expectation and wish that their future work situation will be better than (or at least as good as) the present one. Hope is aroused when people believe that their actions will lead to positive results. Leaders can engender hope by establishing change goals that are meaningful.

Meaningful goals have three characteristics: they are (1) ambitious, which attends to people's aspirations for personal growth and development; (2) achievable, which increases people's propensity for action; and (3) beneficial to employees' welfare, which attends to their safety and comfort needs. All these characteristics depend largely on people's perceptions, and so change agents can provide alternative ways of framing the same issue. A threat may also be perceived as an opportunity if the phenomena are looked at from a different angle.

***Internal dissonance between emotions felt and emotions displayed increases the incidence of emotional exhaustion and burnout. Numb individuals are less receptive to new ideas and experimentation.***

*Authenticity* in displaying a full range of emotions concerning change is organizationally healthy. Alexithymia is a psychiatric disorder in which patients are unable to express and appraise their emotions and constitutes an indication of low emotional intelligence. Restricting the range of emotions that can legitimately be displayed during major changes represents a form of coercion that exacerbates acting, cynicism, and covert resistance to change. Leaders who deny emotionality in the workplace also block the emergence of new ideas at a time when creativity and contextual knowledge are most needed to re-

alize radical change. Internal dissonance between emotions felt and emotions displayed increases the incidence of emotional exhaustion and burnout. Numb individuals are less receptive to new ideas and experimentation.

Research by Arlie Hoschschild on Delta Airlines flight attendants and by David Noer on employees of a large organization shows the deep psychological damage caused by organizations' attempts to control and suppress what they believed were undesirable emotional expressions.<sup>3</sup> The successful renewal of British Airways in the 1980s has been attributed in part to the top-management team's explicit recognition of employees' "emotional labor" and the development of both formal and informal emotional support systems to attenuate emotional exhaustion. The underperformance of many major change initiatives at Infotech, costing the company hundreds of millions of dollars, can be attributed to lack of attention to emotion-related issues. Noel M. Tichy and Stratford Sherman, who tracked the radical change at GE under Jack Welch, wrote: "Bitter experience has taught [Welch] how emotions can influence . . . entire organizations . . . . Most organizations don't know how to deal with emotion,

so try to pretend it doesn't exist. By design, corporations are emotionally barren. Feelings . . . are best expressed at home, where they won't gum up the machinery of scientific management."<sup>4</sup>

*Fun* relates to the motivated search for pleasant experience and aesthetic appreciation and is another indication of emotional intelligence. Neurophysiological research shows that feelings of elation permit the rapid generation of multiple images so that the associative process is richer; a happy person indulges more often in creative and exploratory behavior. This implies that the organization has to create a relatively safe context that encourages experimentation and tolerates mistakes. Many work organizations have a low tolerance for play, equating playful work with nonserious activities.

Playful work fosters learning and creativity and increases employees' intrinsic motivation. Roger Sant and Dennis Bakke, cofounders of AES Corporation, a global electricity company with 90 plants employing 40,000 people in 13 countries, set out to create the "most fun" company in the world, not the richest nor the most efficient or most powerful. Colin Marshall, chief executive of the revitalized British Airways, instituted a climate of experimentation in which managers would not be punished for stepping out of line and trying what seemed to be the best way to accomplish their task. As in games or laboratory experiments, people have fun when they can experiment with new ideas with low penalty, see the connections between their personal actions and outcomes, and are given the opportunity to learn and develop their knowledge and skills according to their personal aspirations. During these moments, they will feel fully engaged.

These experimenting behaviors conducive to innovation are only possible in a context in which there is widespread trust in the fairness and benevolence of the organizational systems as well as clear and consistent behavioral enactment of a set of humanistic values that constitute the overarching moral thrust.

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## The Moral Thrust

Virtually all renewal CEOs—such as Bakke, Blanc, Brenneman, Martinez, Nasser, and Welch—talked about the importance of restoring trust. But how can leaders establish trust when changes, not all of which appear conducive to employees' welfare, overwhelm people? Psychotherapeutic research suggests that individuals can only contemplate disruptive changes when they have something stable to hold on to. Children who experience their growing pains in families with a stable set of values are more likely to become responsible citizens. New beliefs and behaviors can only take root from a minimum platform of



stability, and a trusting relationship helps. Change recipients need to be assured that no matter what happens, some common ground rules will always be respected. When almost everything belonging to the organization is being questioned as inadequate, some “metarules” need to be in place.

**Many deep change efforts have failed because change agents did not or could not sustain value-consistent behaviors. This is what real leadership is all about.**

The moral thrust refers to the set of humanistic values that all organization members—especially change agents—are expected to follow in their day-to-day conduct. Although stating this is relatively easy, doing it consistently is extremely difficult. Many deep change efforts have failed because change agents did not or could not sustain value-consistent behaviors. This is what real leadership is all about.

Adam Smith, widely acclaimed as the proponent of the free-market economy through *The Wealth of Nations*, also

wrote another treatise, *Theory of Moral Sentiments*, which was widely ignored. Smith argues that capitalism should be built on a bedrock of virtue, composed of three elements: (1) propriety—appropriate control and direction of our affections; (2) prudence—judicious pursuit of our private interests; and (3) benevolence—affections that promote the happiness of others.

Whereas the search for private material comfort meets individuals’ profane needs and is mainly dealt with in the instrumental thrust of change, humanistic values bridge human aspirations for the *sacred*. Research by Shalom H. Schwartz suggests that humanistic values have a wide appeal across many cultures and nations.<sup>5</sup> Although some cultures may treat one value as relatively more important than others, all agree on the saliency of these values. This is also what Sant and Bakke at AES found in their discussion of values with both U.S. and non-U.S. nationals. Based on their survey of 47 cases of organizational change in India, V. Nilakant and Srinivasan Ramnarayan contend that leadership based on values such as integrity, compassion, and respect is most conducive to satisfactory change outcomes.<sup>6</sup>

My ongoing research suggests that there are at least four humanistic values to which leaders should pay special attention when attempting deep changes in people’s fundamental beliefs and behaviors: (1) integrity, (2) justice, (3) humility, and (4) respect. For illustrative purposes, I will briefly discuss the first two.

Integrity constitutes the most basic of all values and is comprised of two components. The first component is consistency between rhetoric and action.

This represents a necessary, but not sufficient, condition for trust building. Whereas honesty sometimes refers to candidly saying what one really thinks, integrity demands that one continuously behave according to what one thinks and preaches to others, regardless of pressures to act otherwise. GE’s value statement includes integrity, and all of its managers are rated on this dimension. Bakke, the chief executive at AES, imposed a 30 percent pay cut on himself because the company’s lower-level employees lied about test results in public testimony, even though there was no material damage. One of the company’s values, integrity, had been breached.

The second component of integrity requires that one act in accordance not with just any value system but with a morally justifiable one. Such a code of values is one that promotes the long-term survival and well-being of individuals inhabiting collective systems. Hitler’s treatment of the Jewish minority in Europe met the first condition but failed the second one. Hitler’s actions were consistent with his rhetoric about Jews. Without basic respect for individual welfare, all organizations (including societies) will eventually fall apart. Many businesses exist to make money, but not simply to make money. Bakke at AES understood that his company was an integral part of an ecological system that “helped people live better lives.”

Change agents can become more effective by first changing their own behavior to conform to the newly espoused values. Only by changing themselves can they hope to entice others to change, which was what Jesus, Martin Luther King, and Gandhi did. The most important source of influence is exemplary behavior, not arguments, reasons, or methods. Case-study research on change suggests that change agents’ failure to “walk the talk” constitutes one of the most often cited reasons why change recipients dismiss the honesty and seriousness of change agents’ proposals and forms the basis for cynicism and mistrust.

Justice refers to the perception of fairness in the process of making and executing decisions. Research by Chan Kim and René Mauborgne shows the importance of procedural justice for innovation, while Joel Brockner and colleagues observe a similar effect in regard to downsizing.<sup>7</sup> It’s possible for involved individuals to feel resentment and mistrust because of an “unfair process” even if their own outcome was beneficial. Fair process requires enactment of three components: (1) engagement, that is, involving individuals in decisions that affect them by asking for their frank opinions; (2) explanation, that is, revealing the underlying reasons that led to a decision, showing that people’s opinions have been carefully considered; and (3) expectation clarity, that is, revealing up front the new standards by which people will be evaluated and the penalties for failure. Fair process is thus not decision by consensus, nor

is it aimed at achieving collective harmony or democracy. At Infotech and British Airways, massive downsizings that were conducted fairly and with compassion (generous settlement packages) were appreciated by the majority of employees, including those who left.

## A Hierarchy of Four Thrusts

Activating the emotional and moral thrusts is especially important when adoption of change requires the voluntary involvement and commitment of change recipients who can potentially affect the outcome. Examples of such changes include fundamental changes in organizational values and beliefs. Deep change in people's minds and hearts can seldom be realized with strictly physical or coercive measures. More modest, first-order-type changes can be imposed by adequate design of the instrumental and cognitive thrusts, including changes in work processes (reengineering). Fundamental, second-order changes require energizing all four thrusts. This is precisely why these changes have been so difficult and demand patience and perseverance.

***Deep change in people's minds and hearts can seldom be realized with strictly physical or coercive measures.***

Indeed, ambitious second-order change often implies that existing mindsets need to be fundamentally altered. Trust based on cognition and task competence is often insufficient, as the organization is collectively searching for new competencies and strategic directions in a highly unpredictable environment. This void, associated with the anxiety accompanying any deep examination process, heightens the need for a complementary form of trust, one that is based on emotions. Fundamental change implies a leap into the unknown with significant risks, so people need to feel assured that no matter what happens in the future, change agents will also be concerned about recipients' best interests. Only then will they lower their defense mechanisms and indulge in exploratory and risk-taking behaviors that permit deep and meaningful change to occur.

Behavioral consistency in enacting humanistic values—the moral thrust—creates a feeling of predictability and benevolence that mitigates the fear of uncertainty and allows individuals to cope with stressful events. First-order, incremental change sometimes requires only fine-tuning of pockets of the or-

ganization. Second-order changes often affect an organization's underlying interdependencies and require corporate-wide mobilization that transcends simple agreement or compliance among employees. Adherence to the spirit of the change goals, rather than the letter, is necessary to overcome unforeseen complications along the way. For this to materialize, both cognitive understanding and emotional commitment need to be present. The more discontinuous and the more traumatic the change is for organization members, the more important the moral thrust is in establishing a minimum acceptable level of emotional stability that allows people to consider change with an open mind and to act in a constructive fashion.

Brenneman at Continental Airlines stated that none of his suggestions about corporate renewal sounded like "brain surgery." Corporate renewal is less about brilliant ideas and more about harmonious execution, like plate juggling.

In private conversations, many senior executives admitted to me how often they or their colleagues talked about simple and sensible rules but then failed to follow through with appropriate actions. There were too many temptations and distractions. "One has to walk the talk," they all agreed. The talk is easy, but the walk is arduous, especially when we are engaged in a very long march and must juggle at least four plates at once.