

Chapter 22: Managing and Leading During Organization Change

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Learning Objectives

- Examine the management discipline, the evolution of management thought and theories, and the key functions and skills of management
- Identify the functions and roles of a manager
- Evaluate the relationship between management functions and skills and levels of management
- Identify different approaches to problem solving and decision making
- Compare the differences between managers and leaders
- Examine the key ideas of prominent leadership theories
- Adjust the leadership approach to various situations
- Identify the traits related to leadership effectiveness
- Assess the stages and impact of organizational change
- Determine how to facilitate a transition in order to minimize stress to people and production

Key Terms

85/15 rule	Early majority	Leading
Administrative management theory	Emotional intelligence (EI)	Least preferred coworker (LPC) scale
Authority	Ergonomics	Line authority
Autocratic leadership	Esprit de corps	Management by objectives (MBO)
Balanced scorecard (BSC)	Evidence-based management	Maslow's Hierarchy of Needs
Brooks' Law	Exchange relationship	Mission statement
Bureaucracy	Executive dashboard	Nonprogrammed decision
Business process reengineering (BPR)	Expectancy theory of motivation	Normative decision model
Champion	Gantt chart	Operational plan
Change agent	Goal	Operations management
Change driver	Great person theory	Organizational chart
Cognitive complexity	Groupthink	Organizational culture
Complex adaptive system	Hawthorne effect	Organizational development (OD)
Conceptual skills	In-group	Organizing
Consideration	Initiating structure	Out-group
Contingency theory of leadership	Innovator	Path-goal theory
Controlling	Interpersonal skills	Piece-rate incentive
Critic	Inventor	Planning
Delegation	Laggard	Position power
Democratic leadership	Late majority	Program evaluation and review technique (PERT)
Discipline	Leader-member exchange (LMX)	
Early adopter	Leader-member relations	

Programmed decision	Stages of grief	Total quality management (TQM)
Refreezing	Strategic plan	Trait approach
Role theory	Systems thinking	Unfreezing
Scalar chain	Tactical plan	Unity of command
Scientific management	Task and bonus plan	Values-based leadership
Self-monitoring	Task structure	Values statement
Servant leadership	Technical skills	Vertical dyad linkage
SMART goals	Theory X	Vision statement
Span of control	Theory X and Y	Worker immaturity–maturity
Sponsor	Theory Y	
Staff authority	Time and motion studies	

Real-World Cases

1. Lakewood Health System (LHS) recognized the need for upgrading their hospital electronic health record system and moved to develop a plan for selecting a new one. The clinic and hospital, though part of the Lakewood System, were using two separate and different information systems. The physician group at the clinic was experienced in the use of their current system and was reluctant to change. As the issue developed, three leaders at the facility emerged to facilitate the change: the CEO, CIO, and medical director.

Involvement of the physicians in the decision that would affect them was clearly essential. At the outset of the project, after three vendors had been selected to present their systems, three physicians were asked to volunteer and join the three executives on a vendor selection committee. The requirements for volunteering were made clear: Time demands, travel requirements, and genuine interest in the project were emphasized to involve fully-informed members.

The three leaders explicitly emphasized the importance of an honest, objective, and balanced approach to presenting and evaluating vendor information. One of the vendors did not present as strongly as the others, but all three had opportunity to discuss strengths and limitations of their record systems. The CIO led the discussion of pros and cons of each vendor in an objective manner and encouraged the physicians to voice their concerns and ideas. The hospital departments moved to consensus on a system while the medical director disagreed and stated the physicians preferred another system.

The CEO and CIO met with the medical director.

Of the three vendor options, one would be operated onsite and the other two would be operated offsite in a shared environment. One of the offsite systems required that Lakewood affiliate with a tertiary hospital and replace their current clinic system. Both offsite systems would require Lakewood to follow upgrade schedules and system enhancement plans of the group sharing the hosted application. Although the physicians were not interested in integrating the hospital and clinic systems or affiliating with one specific tertiary hospital, all three leaders recognized that the clinic and hospital systems could eventually become integrated; hence, an integrated information system would provide the best long term benefits. Consequently, the medical director believed that the offsite system offered the best hospital system for the physicians; however, the hospital departments believed the physician's vendor choice had the weakest clinic system, which would be a problem if they merged to one EHR system later. Unfortunately, the vendor for the product that the system desired, which also had a strong clinic system, had made a weak presentation and did not demonstrate the advantages to the physicians.

The leadership team agreed that more specific information customized for the physicians would be a way to start addressing the matter and more accurately understand the pros and cons of each system. LHS brought in physician representatives from each of the vendors who could speak specifically to physician questions and demonstrate workflows. The LHS medical director ensured that the presentation was accurate and made sure the three physicians objectively studied the information presented. Once they examined the information, they did change their mind and selected the system desired by the hospital leaders which had the best clinic system and long term advantages if they ever merged the two systems.

The project was resolved due to a combination of effective leadership styles and understanding of the change process.

Key points:

- Leaders facilitating change in the present do so with strategic view of longer term needs and consequences.
- Leaders need to fully engage, listen to, and inform their constituency about a change and seek representation for the decision.
- In some cases, leaders need to challenge the process when their vision reveals flaws in current decisions.
- Leaders need to stand up for their beliefs, even against strong opposition, and explain their reasoning.
- Reviewing and reflecting on decision-making processes often shows flaws that can be corrected.

Discussion Questions

a. Several ways in which trust was established at LHS were identified in the case scenario. What additional ways can you identify to build trust and credibility as a leader in an organization?

b. Think about professional and personal concerns that you are reluctant to discuss openly. Who could you call together as a support team to explore these concerns? What are the qualities you would look for in such a support system?

2. You are applying for a managerial position in a healthcare facility. Prepare for the interview by describing your managerial style as you would during the interview. Which management theory best explains the managerial style you described and why?

Application Exercises

1. Follow and observe a manager during his or her daily activities. Make a list of the activities he or she engaged in and determine the proportion that can be classified in terms of the four management functions, three manager's skills, and Mintzberg's management roles.

2. Consider performance feedback you have been given on a job. How was it presented to you and how receptive were you to it? How could it have been presented or what could the supervisor or manager have done to make you even more receptive and responsive to the feedback?

3. Rapid changes are occurring in most areas of healthcare. Identify a change that is occurring presently in a facility or department you are familiar with. Interview people to learn how they are

reacting to the changes. If you were a manager, what could you do to facilitate the employees' transition?

Review Quiz

Instructions: Choose the most appropriate answer for the following questions.

1. All of the following are among the traditional four managerial functions, except _____.
 - a. Directing/leading
 - b. Controlling
 - c. Negotiating
 - d. Planning

2. In a management sense, controlling means _____.
 - a. Directing people to carry out tasks
 - b. Monitoring performance
 - c. Providing little choice in job descriptions
 - d. Making people do what a manager wants

3. Which of the following statements best describes a scalar chain?
 - a. Everyone is included in the organizational chart.
 - b. Decisions are made only by top management.
 - c. Each person on an assembly line has a different job.
 - d. Quality is rated on a five-point scale.

4. Which of the following statements is most accurate regarding the relationship between levels of management and managerial skills?
 - a. Interpersonal skills increase as one goes from lower to upper management.
 - b. Technological skills are greatest at the top level of management.
 - c. Conceptual skills are greatest at the top level of management.
 - d. Interpersonal, technical, and conceptual skills are required in equal amounts at all levels of the organization.

5. Staff authority refers to _____.
 - a. Advising and making recommendations
 - b. Directing actions
 - c. Allocating resources
 - d. Setting budgets

6. Unity of command refers to _____.
 - a. Each manager serving in only one role
 - b. Each employee reporting directly to only one manager
 - c. Each manager supervising a defined number of employees
 - d. All managers adhering to the same rules and policies

7. The 85/15 rule proposes that:
 - a. 85 percent of the revenue earned is brought in by 15 percent of the company's products/services.
 - b. 85 percent of the quality work is done by 15 percent of the employees
 - c. 85 percent of the problems encountered are caused by 15 percent of the employees
 - d. 85 percent of problems encountered are the result of faulty systems rather than unproductive employees

8. All of the following are conditions that can promote groupthink except _____.
 - a. High cohesion
 - b. High interaction with outside groups
 - c. Pressure to perform
 - d. Few organizational controls

9. The trend from traditional to new management paradigms shows all of the following except _____.
 - a. Highly centralized decision making
 - b. Workforce diversity
 - c. Ongoing innovation
 - d. Segmentation of target markets

10. Research on emotional intelligence shows that _____.
 - a. It is highly overrated and not important
 - b. Intellectual skills are more important than people skills
 - c. EI skills are inborn and cannot be taught
 - d. Emotional intelligence is related to overall performance

11. Groupthink can be reduced by:
 - a. Ensuring high similarity among team members
 - b. The leader making clear what he/she strongly believes
 - c. Inviting outside points of view on the issues to be expressed
 - d. Increasing security and confidentiality of meetings

12. Each of the following is one of Peter's and Waterman's characteristics of highly successful firms except _____.
 - a. Closeness to the customer
 - b. Highly competitive organizational culture
 - c. Belief in productivity through people
 - d. Bias for action

13. The statement defining what business the organization is in is called:
 - a. Tactical plan
 - b. Span of control
 - c. Benchmarking
 - d. Mission

14. Which of the following is most accurate regarding systems thinking?
 - a. It helps identify feedback loops that might show unintended consequences of a decision
 - b. It is one of the outdated methods of early management that need to be replaced
 - c. It takes a very linear approach to problem solving
 - d. While useful in some sciences, it has little application in healthcare

15. Each of the following roles is important for an innovation to be successfully implemented within an organization except a _____:
 - a. Champion
 - b. Critic
 - c. Project manager
 - d. Sponsor

16. True or false: Brooke's Law and research on multitasking shows that most people can multitask and it improves productivity and efficiency.
 - a. True
 - b. False

17. True or false: Among adopter segments, the group that is most involved with early experimentation, taking risks, and innovating is the early majority.
 - a. True
 - b. False

18. True or false: During innovation, having a critic who can find potential problems with an innovation is a good idea and important role.
 - a. True
 - b. False

19. True or false: During innovations and organizational changes, it is accurate to say that "things tend to get worse before they get better."
 - a. True
 - b. False

20. True or false: When faced with forces for an against change, it tends to be more effective to reduce the barriers to change rather than trying to increase motivation to change.
 - a. True
 - b. False

21. True or false: The frontline and technical level in organizations have the highest use of conceptual and organizing skills.
 - a. True
 - b. False

22. The importance of the Hawthorne Study was that
 - a. Human factors make a difference in motivating performance
 - b. Authoritarian leadership was more effective than democratic leadership
 - c. Security and safety needs were secondary to self esteem needs
 - d. Most people preferred working under theory X

23. Management by Objectives (MBO) is an approach most associated with:
 - a. W. Edwards Deming
 - b. Abraham Maslow
 - c. Peter Drucker
 - d. Walt Disney

24. Span of Control refers to
 - a. How many business locations an organization has
 - b. How many administrators are in an organization
 - c. The number of skills a supervisor has
 - d. The number of people a supervisor has reporting to him/her

25. Which is an example of referent power:
 - a. A leader has personal characteristics that appeal to the followers
 - b. The leader maintains control over sanctions and punishments
 - c. A leader can withhold or provide performance rewards
 - d. The leader has expertise that if of value on tasks