11 Changing the organization

The top management of many organizations in Britain and in other countries are trying to make major changes. In companies it is usually competitive pressure that provides the spur to do so; in the Civil Service, local authorities and the National Health Service it is government pressure. This chapter describes the kind of changes that are most often wanted and the lessons that can be learnt from examples of successful change. An alternative title could be ‘Changing the culture’, for that is how many managers describe their aim in organizational change. The broader title is used because cultural change is only one aspect of successful organizational change.

What kind of changes?

A major change in any organization means making a variety of different kinds of change. It always involves modifying the structure, but this is useless unless it is accompanied by changes in what people do, and what people do will not alter sufficiently unless their attitudes to their work change too.

The exact nature of the changes that are wanted will obviously vary with the kind of organization, but there are trends to be observed. There are also broad groups of organizations with similar activities, such as in the service industries, where the aims of change may be the same. The Griffiths Report on the National Health Service, for example, summarized the kind of changes that are sought in many other public organizations. The report stressed the need for greater accountability, improved performance and for a major cost improvement programme. A distinctive recommendation was the appointment of general managers responsible
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for each geographical grouping of health services, in place of the consensus teams of officers that existed at the time.

In the public services the emphasis is on pushing down decision-making and ensuring that accountability is clearly defined. In many companies there is a similar aim which underlies the move to divisionalization. A common aim is to create semi-autonomous accountable units whose performance is measurable, whether they are subsidiary companies, individual works, branches, areas or hospitals. In some organizations the performance criteria are clear, in others the search is on for the right performance measures. The common change is that the individual’s performance as manager of a unit is measurable and that members of one unit are able to compare their performance with those of other units. This may well require a change of attitude in order to promote an identification with the unit for which you work, an interest in its being best, and the competitive urge to compare its performance with those of other units. Prizes are often given to encourage and to reward such emulation.

Another common aim, especially for service organizations whether public or private, is to make employees more customer conscious. This was one of the qualities highlighted in In Search of Excellence reporting on the lessons from America’s best-run companies. In the chapter ‘Close to the customer’, Peters and Waterman highlighted an obsession with service and quality as characteristics of successful companies. Companies have an incentive to please the customer because doing so is, for many, an essential route to competitive success. Organizations that have captive customers do not have this incentive, so must try to make a pride in serving the customer part of the culture of the organization.

A picture of the changes that are wanted in people’s attitudes and behaviour can be built up by asking for words that describe the present culture and the culture that is desired. For example, a group of the new district general managers in the National Health Service, who were appointed to help to produce the changes recommended in the Griffiths Report, gave the list shown in Figure 11.1.