

# Three in the middle: the experience of making change

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Micro Switch, founded in 1937 and acquired by Honeywell Inc. in 1950, is a division that has long been known as an innovative industry leader in switches, sensors and manual controls. During the transition from electro-mechanical to electronic and solid state, Micro Switch enlisted the assistance of 49 year Honeywell employee to maintain their competitive edge within an ever changing market. With an internal shake up intended to preserve the organization's reputation, as well as improve their downward decline, middle managers are left to ponder if " something had gone wrong, or as this the way a successful change was supposed to feel" (Lenan, Stone, 2008, pg. 194).

### **Case Summary and Problem Definition**

Economic issues began arising during the switch from electro-mechanical to electronic and solid state during the late 1970's and early 1980's. The apparent regression was in full force by 1985 and it took two years of plummeting for Micro Switch to enlist the help of Ramon " Ray" Alvarez in 1987. Alvarez had created a significant track record for himself and thus reinforced this decision. He had not only been a Honeywell employee for 49 years, but also a history of turning around two other Honeywell divisions. Alvarez developed a three year plan to not only reignite Micro Switch's competitive edge, but to also facilitate performance excellence.

Despite his reputation for being psychologically intimidating, Alvarez was able to move cautiously enough in the beginning to gain support from senior managers, but did not necessarily set the tone for factory workers and lower level employees. In this three year plan, Alvarez devised three different

strategies to go about achieving this mission. First was to create a mission statement as well as a new vision: “ growth through quality solutions to customer needs” (Lenan, Stone, 2008, pg. 194, para 3).

Second, was to establish a scrupulous annual strategic planning process that allowed Micro Switch to become more competitive, quicker to respond, and monetarily savvy. Third was the development of APEX, Achieve Performance Excellence, a model that would not only act as the focal point of this change, but would allow Alvarez to continue to fine tune Micro Switch’s strategies during later years. In its first year APEX was intended to encourage nearly 4,000 employees that the change was an urgent matter, and increasingly more necessary than ever before.

APEX focused on giving employees specific ways to strive for quality and distinction by creating an employee suggestion system, as well as awards for employees that met performance objectives. Quality and performance was the heart of this transition and by 1990, APEX became much more sophisticated. The Building Block Councils was developed during this time and was comprised of an arrangement of committees and councils. Their primary objective was to encourage division wide involvement in a variety of strategic areas by creating six councils that implemented new standards to their designated area.

These areas were the customer satisfaction council, quality council, goalscouncil, awareness council, training council, and recognition council.

Upon reading the observations of three high level managers who also served as chairs on many of the new councils, it becomes evident that the plan

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brought forth by Ray Alvarez in fact had many shortcomings. The first three year plan focused on symptoms not actual problem and according to Rick Rowe, another Micro Switch director, "the easy changes had already been made.

Now the company had to tackle deeply ingrained behaviors and processes which were holding the division back from reaching its goals" (Lenan, Stone, 2008, pg. 200). Alvarez in many ways, did not focus on separating immediate symptoms from the actual underlying problems. Focusing on symptoms may achieve more approval in the beginning, but this will begin to dissipate once people realize that the basic core problem never went away.

As indicated above, Alvarez did an exceptional job announcing the change, implementing APEX, and encouraging division wide involvement through Building Block Councils. That being said, the Building Block Councils focused around middle and higher level managers, not lower level employees, and thus lower level employees were not immediately included in the process. This would later change as Deb Massof, a new director brought on by Alvarez and often seen as an outsider, tirelessly attempted to encourage employee involvement. Massof's initial utterance was the symptom of an underlying culture clash problem that should have been dealt with right away. When trying to have meetings to get employees involved in the strategic planning process, Massof asserts that she just got blank stares from employees. Lower level employees should have been informed that some things were going to change; according to Massof's account, it appears as

though no one ever actually told them they would be doing away with the top down approach. This may have been hindrance in this situation.

If this change had been formally communicated, just by some employees hearing this, their involvement and productivity may have increased significantly. Due to the fact that prior to Alvarez, Micro Switch operated under a top-down bureaucratic management structure, and he should have considered that Micro Switch had likely attracted employees that had not only accepted this, but became increasingly comfortable with that approach, as well. However, they did not anticipate this, and this led to a great deal of resistance to the change itself.

Massof has indicated that she was eventually successful in developing cross functional business teams, but states that initially thinking independently was exceptionally unusual for nearly all of the employees and most of them couldn't even comprehend why they were being pressed to do so.

Communication of expectations and really communication in general could have improved the efficiency of this situation vastly and could have got lower level employees on board a lot quicker.

Case and point, Massof stated that in July of 1990, her unit completed their second strategic plan with no complaining, and brought a " new level of skill and detail to the task" (Lenan, Stone, 2008, pg. 202, para. 3). In addition to this, they were also able to establish benchmarks during their second strategic plan. Measurability is an essential aspect of the change process and yet Ellis Stewart, another Micro Switch director, indicated that his team felt as though they were not able to see any of their progress despite their

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efforts. What we need is some growth to take advantage of all the work we've done" (Lenan, Stone, 2008, pg. 204, para. 2).

Due to the fact that Stewart's business unit had not established any benchmarks, short term goals, or measurability to illustrate short term wins, they had trouble maintaining motivation and upholding morale. The next underlying problem is the lack of direction. According to Massof, " I do think people want to change. They do want to do good. But they're real frustrated at not knowing what to change" (Leban, Stone, 2008, pg. 200).

Without actually saying it, Massof illustrated that there really was not a fruitful plan set in place, let alone one that included employees in the planning stages. Alvarez did a wonderful job creating a sense of urgency with Micro Switch directors, establishing a vision, and goals. The fundamental problem lied not within the " why" part, the " why" part was clearly understood. Rather, the main issue is that lower level employees were not steered in the right direction and obviously were not an integral part of the change process as they didn't even understand what they needed to change.

Starting with why is of course important, but the " what" aspect, arguably just as important if not more, is what actually sets people in the right direction. The next core problem is that the change implemented was not small and manageable. During Massof first 18 months with Micro Switch her highest priority in her business unit was " making up for fifteen years of no investment and no new products... to compensate for years of neglect; and to start drawing people into both the revitalization process and daily

operations in ways they had never done before” (Leban, Stone, 2008, pg. 01).

This is hardly what one would consider a small manageable change; Massof’s business unit didn’t even understand their own customers anymore. In addition, there was no use of a project manager or consultants to help them with market research, and thus no one to keep them on track and remind of what the goal actually was. Trying to gain support for the culture shift was a large problem during the change process, and although Alvarez often encouraged autonomy, this was not always the case.

The new and improved Micro Switch was expected to perform with a sense of urgency and thus work was expected to be not only that of high quality, but done as quickly as possible. Ellis Stewart, head of Building Block Council on Training, swiftly and efficiently developed a new employee training program known as APEX College, and was reprimanded for “ acting without authorization. ” For change to be successful it is imperative there are no wavering expectations and mixed signals being sent and authority must be given with responsibility.

## **Review Alternative Courses of Action, Make Recommendations, and Implement**

Listed previously in the section above, are ten evident problems and in this section, each problem will be lumped together based on similar underlying issues into five categories, reiterated and then recommendations will be made. The initial focus was placed on symptoms not problems. Changes were not small and manageable. Lack of project manager, etc. Focusing on

underlying problems is a crucial step in the change process. Many organizations, who aim to change aspects of their business whether it is internally or externally, tend to focus on the symptoms because of their obviousness.

Although as stated previously, tending to symptoms may gain more initial acceptance and approval, the change will fall short in the end as the realization that nothing actually changed, sets in. My recommendation is to dig deep and not look for a “band-aid” solution, but rather one that tackles deep rooted issues. I also think in this situation, bringing in outside assistance would be increasingly prudent. Analysts, project managers, and other like professionals generally have the ability to point out core, fundamental issues that have either been ignored or simply not accepted by the organization.

Meaning that, many organizations suffer from certain issues that become the big elephant in the room that no one talks about, or it's an elephant that only lower level employees see, but cannot point out due to the organization's management style. In the case at hand, it seems as though nearly all of Micro Switch employees didn't even realize many of the issues because they weren't expected to, and thus because no one questioned it, it was never brought to anyone's attention.

This is precisely why I feel an outsider, who is actually hired and contracted to provide a service that points the underlying problems out would be extremely useful. . Communication was poor and employees were not told the culture was going to change. Employees were not actually an integral

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part of the change process, despite announcements stating otherwise. The tone of the change process was set, but employees had no direction. (What should be changed what shouldn't). Lack of Clear Expectations.

Communication is essential in many areas of life, and businesses are certainly not the exception. A successful change requires buy-in from staff, and this includes all differing levels of employees understanding their roles.

In this case, my first recommendation would be to inform employees of how Micro Switch used to operate, very top down. By Alvarez simply assuming that employees knew that Micro Switch had previously operated under a Theory X type of management structure, he set a number of the employees within the organization up to fail before they could succeed. In some instances, this can be helpful, but in business when time is of the essence and truly invaluable, the stumble that occurred could have been prevented.

The next step would be to illustrate what the new Micro Switch structure would look like. This is what is used to be, this what we're changing, and these are the expectations, type of deal. Now, these things are important notions to communicate, but role understanding is where Micro Switch actually began to see a lot of issues. If employees do not understand what they need to be changing, what their roles are, and what the expectations are, then the change cannot be implemented. Lastly, this should all be communicated verbally, and in writing.

Each employee should receive a packet of information and be briefed over and over again about the upcoming changes. After it is made exceptionally clear, each employee should sign a waiver of sorts, indicating that they

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understand not only why the change is taking place, but more importantly, what their role is in the process, what is going to change, and what the expectations are related to their own job duties. Delegating tasks to help employees during this process is crucial, and therefore communication does not need to be administered by just one individual. Having a plan and communicating that plan would help Micro Switch in terms of efficiency and gaining approval at a quicker rate.

Resistance to the culture change imposed was not anticipated in advance. Massof indicated that Micro Switch was in a time warp and their extreme resistant to change was deeply ingrained in Micro Switch's culture.

Resistance in contrast, to the previous issue listed above, is something that should have been assumed. In this case, my recommendation again, begins with communication.

Considering the employees' perspective and asking them until face to face is a question that should be tackled initially to help develop a plan to fill in perception gaps. Resistance is not always a bad thing and in the case at hand, anticipating this could have helped Alvarez really communicate what was going to be changed, thus making the implementation process a lot smoother. After this, tracking perception is vital and although Alvarez attempted to have employee feedback system, it did function in an efficient manner. Not a great deal of information was give about the system, which leads me to believe that it was not very thought out. Resistance can be caused by a lack of understanding, not necessarily disapproval and this proved to be true in this case.

Lack of measurability. In any change, measurability is a key factor. My recommendation would be to create project goals and use the scorecard approach. Alvarez did a great job dealing with education, but only dealt with part of the performance aspects. The development of APEX should just be starting point, but how will Micro Switch know if it's successful if it's not measured and tested. I would also implement short term goals to prevent loss in momentum, as stated by Ellis previously, employees at all levels need to see growth. This is illustrated through measurability.

Lack of authority with responsibility Successful change must be driven by support from top management, involve employees and project managers. I would begin by using a combination of Change Theories E and O thus accepting the paradox between hard side of change and the soft side change. Alvarez left a lot of gaps in his plan, and most his plan involved the softer, internal side of the organization. This issue ties a lot into communication, clear guidelines, and concise expectations; however, it is still important mention on its own due to the account given earlier by Stewart. Follow-up and Evaluate In order to evaluate this process, I would focus primarily on the balanced scorecard approach. This strategic management system enables organizations to focus on their vision, strategy and their measurement.

Balanced scorecards also offer a structure for communicating how employees are expected to execute the strategy. Micro Switch employees at various levels felt they had nothing to show for their work. This technique could have cleared up a lot of confusion during the Micro Switch change and

increased their efficiency exponentially. In addition to the clarity provided, this system would also illustrate their progress in tangible terms. This process includes four different areas of measurement, financial, customer, internal operations, and learning and growth.

Therefore, this measurement system should satisfy the needs of employees at various levels and shareholders well, because as its title indicates, it's well balanced. This approach indicates that although financial measurements are of extreme importance, they cannot take the place of intangible assets.

Following the guidelines of the balanced scorecard approach from this point, I would make the strategy explicit, choose the measures, define and refine, and deal with people. Once these have been established, the work needs to be divided up into two interfaces, differentiation and integration.

Differentiation refers to the degree of similarity or difference represented by the design of the work units...the way an organization coordinates the work across work-units is the integration" (Lenan, Stone, 2008, pg. 66). Conclusion Although Alvarez did implement some great ideas during the beginning of his time at Micro Switch, the shakeup led many middle managers to ponder if something had gone wrong. In the end, it's not necessarily that anything implemented had gone array, but rather that there were many gaps in the planning that needed to be filled in.

Initially, this wasn't as evident but as excitement began to dissipate and employees struggled to understand what their new roles were within the organization, the holes in the plan became clearly evident. Developing APEX set Micro Switch on the right track, but left a lot to be desired with the way

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things were handled (or not handled) internally. By merely adding communication, a project manager, goals, and measurements, Micro Switch employees at various levels would have likely felt a lot more optimistic with the end result.