

Organizational change at usa today



With increasing competition emerging from the results of technology and globalization, companies cannot longer rely on their traditional strengths without encountering changes of work practices. Often, small and continuous changes are not enough and situations inevitably call for radical changes of paradigms. Facilitating these changes is one of the greatest challenges managers face nowadays, as they are always connected to resistance, uncertainty and an undefined timeframe.

Addressing certain challenges, several scholars have investigated models and procedures that should help managers to unravel the critical situations of organizational change. This paper will relate three different scientific models to one of the greatest organizational changes of the 1990's namely the diversification and restructuring of USA Today from a traditional newspaper to a thorough news corporation including internet news and TV broadcasting.

The Choice of Models and Methodology Organizational change can be described as the process of a company that is going through a transformation. This change occurs when business strategies or major sections of an organization are fundamentally altered. This paper will investigate how organizational change was implemented at the American Newspaper USA Today.

Three different theoretical approaches will be applied to the case, namely Kotter's " Eight steps of organizational change", Porras' and Robertson's " Two-axis that define change" and Lewin's " Freeze Model". These models were chosen as they perfectly apply to the measures that were taken in the fundamental restructuring of the news corporation in the 1990's. After a

retrospective critical investigation this paper will draw a conclusion about the successful adoption of new business practices.

Organizational Change at USA Today USA Today is a division of the Gannet Corporation, a national newspaper which was founded in 1982. In the first decade in business USA Today lost more than half a billion dollars but could then establish itself as the most important source of news for business travelers. Subsequently, revenues rose as the attractiveness for national advertisers was increasing. In 1992 the newspaper became the most widely read newspaper in the United States and turned out to be very profitable.

However, the 1990s would become a very difficult time for the mature market of newspapers. The readership strongly declined not only among young subscribers, but also among long-term customers as they increasingly looked to television and Internet media sources for daily news. On the other hand costs for newsprints were rising steadily. Overall, the future was not very bright for the traditional print media business.

The president and publisher of USA Today, Tom Curley realized that the newspaper would have to expand further from the mature printing market in order to maintain its profits. Certain changes would require fundamental innovations; the firm would need to find solutions to extent its established news-gathering and editing capabilities to completely new forms of media.

The fundamental organizational changes that Tom Curley would need to implement throughout the entire agency do not only facilitate positive outcomes, these changes are inevitably linked to resistance, layoffs and uncertainty. In order to control and structure processes of change more precisely, John P. Kotter, who teaches leadership at Harvard Business School <https://assignbuster.com/organizational-change-at-usa-today/>

has developed “ Eight steps for winning at change” in 1995. In the following, each step will be explained and related to the processes implemented at USA Today.

The first step is to establish a sense of urgency. Curley recognized that financial forecasts were not favorable for the newspaper and so he decided to engage in a fundamental new approach, namely the launch of an online news service called USA Today. com. He could convince the board members, which is according to Kotter highly important as “ more than 75% of the leaders need to be in favor for the change”.

The next step is to form a powerful guiding coalition. Kotter would need an initial core of believers, who should be influential and skilled in their respective areas. Acting on his beliefs, Curley in 1995 appointed Lorraine Cichowski, USA Today’s general manager of media projects as head of USA Today. com. She and her team operated completely independent from the newspaper business and established a skunk-works operation. She brought in most workers from outside USA Today, housing them on a separate floor and created incentives for instantaneous delivery of news in a highly collaborative culture.

Theoretically, with internet news rising at fast pace it should have been a great success. However, the results were disappointing with low profits and sluggish growth. According to Kotter’s theory step three and four had not been respected carefully. The third step is to create a vision and the fourth is to communicate that vision throughout the firm. The skunk-works approach made the new unit so isolated from the print operation that it could not capitalize on the newspaper’s vast resources. Furthermore, Curley did not

communicate the new vision strongly enough throughout the firm. Many divisional leaders did not support Cichowski, viewing her unit as a competitor with the print business, and hence did not share their considerable resources with her.

Curley reacted on certain complications by a correct application of the fifth step, which means to empower others to act on the vision. From 1999 onwards he pursued a much stronger integration of USA Today. com with a “networking strategy”. News content should then be shared across three platforms: the newspaper, USA Today. com, and Gannett’s 21 local television stations.

Accordingly, he replaced the leader of USA Today. com with another internal executive who was a strong supporter of the strategy. He instituted daily editorial meetings to share news throughout the divisions and decided to train the print reporters in television and Web broadcasting and outfit them with video cameras so they could file stories simultaneously in the different media. The sixth step, plan for and create short term wins has also been pursued by Curley. The underlying intuition is not to lose the momentum of change and to keep up the urgency, as this structural change takes a long time to be fully established.

Curley helped the employees to realize that their stories would reach a much broader audience than before and reporters were satisfied by the opportunity to appear on TV. Furthermore, he created a “Friends of the Network” recognition program to explicitly reward cross-unit accomplishments and to keep up the motivation for change.

After the new working practices had been established, Curley pursued the seventh step, namely to consolidate improvements and to keep up the momentum for change. In this step, according to Kotter, it is very important to prohibit powerful forces of tradition to regain strength. Following, Curley let go a number of senior executives who did not share his commitment to the network strategy, ensuring that his team would present a united front.

The latter is also of crucial importance regarding the eighth step of Kotter's model, to institutionalize the new approaches. This step refers to the sustainability of the organizational changes. The new practices should be "rooted in the company's blood", which was among other measures, achieved by replacing unit-specific goals with a common bonus program tied to growth targets across all three media.

With this stronger integration USA Today could compete successfully in the mature business of daily newspapers, while simultaneously developing a strong internet presence and providing Gannett television stations with breaking news. By the end of the century, while other newspapers struggled to survive, USA Today reached \$60 million in profits mainly due to their ability to continuously attract advertisers for the USA Today.com operation.

The following analysis will characterize the organizational change at USA Today with the "Two-axis that define change" model of Porras and Robertson, which was developed in 1992. (Appendix 1). The model subdivides change in two categories; the change category (planned or unplanned) on the horizontal- and the order of change (first or second) on the vertical axis. Following the model is divided into four segments,

characterizing change as either developmental, evolutionary, transformational or revolutionary.

Planned change is initially a decision made by the company itself with the purpose to improve its functioning. However, it is often a reaction to external demands imposed upon the organization. Changes in external demands are also a reason for unplanned change but in this case the company is forced to respond. These adoptive responses are often spontaneous and often focused on the change of relatively narrow and clearly defined segments of the organization. First-order change, which is linear and continuous in nature, often implies alterations in system characteristics by neither shifting fundamental assumptions nor changing basic paradigms that guide the organization's functioning.

Second-order change on the other hand is a qualitative, discontinuous, radical, multi-dimensional organizational change which inevitably implies a paradigm shift. In the case of USA Today the president Tom Curley carefully planned the change as a reaction to external changes, namely the decline of demand in the mature newspaper business. Following, his decision can be characterized as a planned change. Regarding the order of change it can be seen as a second-order change as the new business processes fundamentally changed the approaches on all levels; reporters were forced to share information between departments and executives had to change their conservative mindset if they did not want to be laid-off.

According to Porras' and Robertson's model USA Today underwent a transformational change, which means a shift in the entire business culture resulting from a change in the underlying strategy and processes that the

company has used in the past. A transformational change is enacted over a period of time and is considerably difficult to implement. Tom Curley managed to facilitate the paradigm shift successfully. This is not only obvious by the application of the “ Two-axis model” but also in the comparison with the “ Freeze-Model”, developed by Kurt Lewin in 1952. The model describes organizational change in three steps; unfreeze, transition and refreeze.

Unfreezing means to wake up the employees from their traditional, less efficient but yet very adopted principles to work. At USA Today it meant to convince managers and reporters to change. Curley declared: “ We’re no longer in the newspaper business—we’re in the news information space, and we’d better learn to deliver content regardless of form.” However, according to Lewin talking about the future is seldom enough to unfreeze, and hence employees often require a push-method to be “ change ready”. Accordingly, Curley replaced reluctant executives who were not ready to change and allocated “ believers” (Kotter, 1995) in crucial positions to spread the urgency of change.

The next step is called the transition. A key part of Lewin’s model is the notion that change, even at the psychological level, is a journey rather than a simple step. Following, Curley had to be very patient with his employees and also experienced a major step backwards as the USA Today. com project was not successful in the beginning. He had to ensure that the momentum of change was being kept up by structural inventions like a newsroom to help reporters shape their stories for broadcast media.

When most changes had been accomplished the final goal was to refreeze, namely to establish a new place of stability. Practically refreezing is a very slow process with no clearly defined boundaries. In the worst case refreezing can never take place and the organization is characterized by a feeling of “slushiness” where employees work at a low level of efficiency as they await the next change to come. USA Today managed to successfully refreeze by creating a new organizational culture in which employees work not in single units anymore but in interdepartmental cooperation, as human resource policies were changed to promote transfers between the different media units.

Conclusion

In 1992 the newspaper USA Today has faced the dangerous threat of substitute media and a decline of the mature printing industry. Following, president Tom Curley had to implement crucial changes in the organizational structure to remain competitive. According to the eight steps of organizational change of Kotter, Curley managed all steps successfully besides an initial lacking of the third and fourth step, to create a clear vision and to subsequently communicate it throughout the company. Following, the initial launch of USAToday.com was not successful and required a thorough restructuring.

A certain restructuring cannot happen without the layoff of strict opponents of change. This strong opposition of conservative executives lies in the fundamentality of the transformational change according to Porras and Robertson. It affects the entire news corporation and involves a high degree of uncertainty. However, ultimately Curley implemented the change

successfully and could subsequently refreeze the new paradigm (Lewin, 1952), which means he could establish the new measures as a corporate culture that enabled USA Today to finally become profitable again as one of the largest news corporations in the USA.