

**OBSERVATIONS AND REFLECTIONS ON ORGANIZATIONAL
CHANGE**

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The New Balancing Act in the Business of Higher Education

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The chapters in this volume, the New Balancing Act in the Business of Higher Education, can be seen as an urgent plea for change in the worlds of colleges and universities—both in their relationships to external environments and within the institutions themselves. In Chapter Two, Stanley Ikenberry provides an overview of the competitive challenges faced by the US economy and the crisis likely to result if public support for higher education continues to weaken. Authors discuss the need for the base costs of education to be reduced so that students outside the top income quintile can still afford a college degree. Ideas for revenue enhancement and cost cutting are offered by James Hearn, William Kirwan, David Breneman, Benjamin Quillian and David Longanecker. The need for change in dealing with external constituencies and forces is manifest in their analyses.

Particularly compelling is the discussion in earlier chapters around the competitive race for attracting students by means of fancier facilities and amenities only loosely connected with learning context, and the impact on costs and tuition. This problem of the commons can only be addressed collectively—a dim prospect without a champion who can gain attention and perhaps government pressure. As state and federal support diminishes, there is greater need to attract tuition dollars, making it hard for individual institutions to get off the runaway train of competitive spending.

Arguments for controlling costs, possibly through cooperative buying arrangements (such as the Boston Consortium, which has 13 colleges and universities collaborating on purchasing, training and other services), all make sense, but implementation will require a new, collaborative attitude among already pressured administrators. I have seen how hard it can be to get such collaboration going, for

reasons of pride, ‘not-invented here’ attitudes or snobbery, traditions that die hard and short-sighted managers. Nevertheless, as the theme of the conference suggests, a new balance among economic imperatives and institutional autonomy will have to be found.

Some of the changes discussed, however, demonstrated that it is possible to alter the usual ways of doing business. Michael Adams of the University of Georgia, in Chapter 13, describes how clever policies of working with the multiple stakeholders and creative financing could enable the massive building and renovation of the physical arrangements on campus in a timely manner. Careful planning can change how space is used and can create conditions for better research. But while we can embrace the proposition that sound minds develop in sound buildings, educational reform still needs to capture the hearts and minds of faculty, not just gain their compliance. Teaching and learning cannot be done well by people who are just going through the motions or who think that information transmission is higher education. We need to prepare people for an increasingly complex and interdependent world, where thinking and problem-solving are the prime outcomes of education. This was one of the implicit messages contained in David Kirp’s analysis of the glories and limitations he found in his wanderings through the groves of academia in the US (Kirp 2004).

At the heart of the educational enterprise is the behavior of the faculty, those charged with delivering the education that justifies the existence of educational institutions. The creation of knowledge certainly matters and the country is in a dangerous position without the resources to fund it or the continuing interest of current and potential researchers—by no means assured given the reduced number of those going

into the sciences and engineering. But students need to learn and faculty behavior is central to that.

As I see it, the real challenge is in moving faculty. It isn't just a joke that it is easier to move a graveyard than change faculty and curriculum. Universities are designed for inertia, as Cathy Trower eloquently states in Chapter 11. Many different individuals and groups can derail any proposal, yet almost no one is considered to be legitimate to declare a direction or meaningful policy. Structurally, there are too many people in the act and traditions of egalitarianism give everyone, and therefore no one, a voice. As my colleagues and I recently wrote in a paper for a special issue on the application of Organizational Development to academia:

In fact, [academic institutions] suffer from an *overload of many forms of participation* (on the academic side anyway), and structural and cultural barriers to action on all the ideas. Academics seldom are willing to delegate to colleagues anything on which they have a strong opinion—whenever they decide to get involved. So decisions get stalled or revisited, initiatives start without widespread support and just trickle along, many individuals and groups can say no, but almost no one is legitimized to say yes, or to insist on it against (loud) minority opposition. OD [Organization Development] was partly developed to counter the top-down, directive traditions of industry in the 50s and 60s, so it takes for granted that there is in place an enabling authority system that must be democratized to get the best ideas and most commitment. It wasn't really

designed for the extraordinarily decentralized structures of academia.

(Cohen, Feters and Fleischmann 2005)

In that context, changes to employment practices, as outlined by Ron Ehrenberg (Chapter Eight), discussed by Kermit Hall (Chapter 10), and modeled by John Sexton's (Chapter Nine) powerful use of a visionary story to recruit, motivate and compensate faculty differently, are certainly useful. Sexton's plea that we change the way we shame and honor faculty, and not let tenure be the way of defining status, offers one potent way of energizing behavioral change—and requires change skills that are in short supply.

The challenge, then, is to figure out how to lead change in our own institutions. Change is needed for the sake of educational improvements, but also to improve our public image. Unless we reform ourselves, we are not likely to dent the public view of higher education as a bastion of privileged, self-serving and expensive elites who do not care about the worries of ordinary citizens. By demonstrating that they are competent at the 'tough stuff,' like managing costs, successful change agents can gain credibility with those who have a narrow view of what matters, and then gain latitude to do more creative change work. That is how I interpret the success of Jack Welch, the former CEO of General Electric, whom *Fortune* named as the best manager of the 20th century. He spent several years buying and selling businesses, reducing staff from 400 000 down to 200 000 and back to 300 000, thus earning the nickname 'Neutron Jack.' This gave him credibility with the GE board, and allowed him to tackle the 'software' of business: culture, talent development, confidence, risk-taking and entrepreneurial behavior in a huge organization.¹

Even schemes to raise more money so that we can institute new programs, while probably necessary and sometimes extremely valuable, can be a lever for other changes—or a sidetrack. We have to keep in mind the warning of Dave Longanecker (Chapter Six): ‘New spending from new revenue is good, but it can divert from the core teaching mission.’ Revenue enhancement has to help us carry out the core educational mission, not as an end in itself.

Reforming the core educational mission, however, brings us back to faculty and their role in the educational experiences of students. Unlike some of my colleagues in higher education, I do not directly equate good research with good teaching or good education. It is not just that some good researchers are neither interested nor effective in their teaching role, but that not all teaching-centered faculty are creating effective learning either or are teaching what they should. Effective education is always about more than information transmission (written or otherwise recorded material does that reasonably well); it involves learning fundamental skills and meta-skills of thinking, communicating, problem-finding as well as problem-solving, living with and embracing ambiguity and uncertainty, learning how to learn and keep on learning, and how to understand one’s own goals and efforts in larger contexts. Subject matter is only the ground on which this can take place. Educational reforms that fail to encourage these kinds of learning do not go far enough.

For purposes of this chapter, I will not address in any detail another difficulty in faculty behavior: far too much ‘research’ is trivial, aimed at publication in journals read by only a handful of narrow specialists and not particularly helpful to society. Social benefits, however, are precisely the justification for research activity at universities,

especially those publicly funded. Fortunately, Cathy Trower (Chapter 11) does an excellent job of skewering the misplaced efforts of many faculty members, and the structural reasons why meaningful change is so difficult.

While I agree with her diagnosis, I am more optimistic about the possibility of moving what I like to call ‘the last Mandarins’—full-time, tenure-track faculty members. (I include pre-tenured faculty because even when they identify with behavior that is needed for educational reform, they fear that they won’t receive tenure if they do not play the current game. I have never forgotten the young faculty candidate from Wharton who told us that when he won a teaching award there in his first year, two senior faculty members told him he was lucky, ‘because by the time you come up for tenure, no one will remember this.’).

Despite the forces for deep resistance, then, I believe that at least some important change is possible in some contexts. I am encouraged by the incredible accomplishments of John Sexton (Chapter Nine) at NYU and Robert Bruininks (Chapter 14) at the University of Minnesota, and the hard-earned wisdom about change provided by Kenneth Shaw (Chapter 12), but also because of my own experiences at Babson College. Over a number of years, we accomplished transformational changes in curriculum, classroom practice, learning outcomes and institutional standing.

Because I have written about this elsewhere (Cohen 2003; Cohen, Fleischmann and Fetters 2005), I will only summarize what we managed: we changed tiers, moving from a decent regional player to national rankings in all of our programs (undergraduate, MBA and executive education). Moving up is a mixed blessing, however, since we now compete for students and faculty with business schools that are part of large universities

with huge endowments, places like Harvard Business School, The Tuck School at Dartmouth, Wharton at the University of Pennsylvania, or at the undergraduate level with outstanding (and well endowed) liberal arts colleges such as Bates, Bowdoin and the little Ivies. Our undergraduate program reforms won TIAA-CREF's Hesburgh prize and a Pew award, and our integrated curriculum at the graduate level has been a model for other business schools.²

In that curriculum, for example, the first year of the full-time MBA eliminated 13 separate discipline courses (the standard assortment) and replaced them with four integrated modules. Faculty address the same material from various perspectives; students engage in a year-long consulting project with a mentor company, student teams work in an unfamiliar art form to learn about creativity and present their products to the community. It still isn't easy to get faculty to design and deliver together a curriculum that consistently delivers global and entrepreneurial skills, fosters teamwork and ethical awareness, and integrates all knowledge and skills, but I think we have done it. The undergraduate curriculum made similar changes, identifying core competences and building classroom and field experiences around them.

To accomplish these radical changes, we had to reform our decision-making processes. We agreed that to compete we needed to become faster and more flexible, so we delegated decentralized decision-making to small, elected bodies for undergraduate and for graduate programs, with five faculty at large, two students and the respective dean empowered to make curriculum decisions. We charged each group with studying the external environment and adapting the curriculum to sustain suitability, and turned the old decision-making on its head: the burden of proof now is on the dissenters, not on

the advocates of change. Although there is a 'fail-safe' mechanism that allows dissenting faculty to initiate a plenary discussion that could trigger an overriding vote, in a dozen years that has only happened once, and the dissenter was defeated by a 93-7 vote. There is still considerable participation in curriculum decisions, through open hearings and departmental discussions, but faculty with good ideas no longer assume that they will be defeated in the glacial and log-rolling politics of the past, and therefore they can make serious proposals that are investigated, modified when necessary and implemented.

In the process we have attracted far superior students and many talented faculty, despite the intense demands created by integrated teaching and higher research expectations. We also reengineered and utilized Total Quality methods for many of our administrative processes, reducing costs yet providing much better service to students.

The resulting increase in rankings, student quality, student satisfaction, fund raising and employer attraction have reinforced the general directions we moved in, though I would be remiss if I didn't admit that without vigilance and administrative effort, there is constant temptation for faculty to slide back toward the stovepipes of traditional disciplines. The narrow academic training of PhD programs and the marketplace for researchers, decried by Trower, sustain the siren song for younger faculty, even those who love what we have created but fear their marketability if they do not receive tenure or want to move elsewhere. Although we are forced to compete against more elite schools and universities now, so far we have managed to sustain the changes we made.

15.1 Organizing learning about change with the change formula

As a way of summarizing what has been said in the conference, and what has to happen to lead change, I suggest use of a change formula that was developed by management consultant David Gleicher and modified based on my experiences and training. The formula is:

$$C = f(D \times V \times S \times P) > C_o.$$

**Change Is a Function of the Product of
Dissatisfaction With Status Quo, Times
Vision of the Ideal Future State, Times
Support, Times Pathways for
Accomplishing the Change
All Greater Than the Cost of the Change**

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[note to editor: you can drop the PowerPoint template formatting. Au]

The formula is written as an equation because all the terms inside the parentheses are multiplied by each other and if any one of them is zero, the whole result drops to zero and change does not happen. In my career I have seen change fail when any one of the four elements is not present. Grand visions have gone nowhere because key players liked the status quo or the visionary had no idea how to put in place the necessary processes. Change agents with wonderful tools could not get traction because they were not tied to a meaningful vision. I will explain more about each term and connect back to other chapters in this volume.

Managing dissatisfaction with the status quo

Although dissatisfaction is necessary to get us ready for change, we know from learning theory that moderate dissatisfaction or tension is best. Too much dissatisfaction, and people tend to freeze (as in math anxiety); too little, and they see no need to be bothered.

If faculty are as self-satisfied as Trower (Chapter 11), Kirp (2004) and others say, it is necessary to show them enough about external dangers to raise their dissatisfaction, making them a bit more tense. This may appear counter-intuitive, since managers have been bombarded with the idea that they should try to make everyone happy, but it is necessary. For example, when I was Academic Vice President at Babson and we were discussing the need for curriculum and other changes, I realized that many faculty members were not convinced that being good enough wasn't good enough. As a result, I deliberately talked in every faculty meeting for two years about competitive threats and we did surveys of employers to show how poorly some companies saw our grads. Deans did the same. Some faculty were puzzled or annoyed, but we needed more discomfort with the status quo, or as the industry metaphor goes, a 'burning platform.' As Shaw advises, 'Having a crisis is a good thing,' and Kirp (2005) quipped, 'A crisis is a terrible thing to waste.'³ It needs to be used as a motivator.

Similarly, sometimes it is necessary to slow down to get tension into the moderate zone. After we really got rolling at Babson, for example, in response to my sense that we had so many initiatives going that people were feeling overwhelmed and again resisting, I made one overhead with our core vision at the center, and all the initiatives and activities linked to it, to demonstrate that there was coherence to all the efforts. As organized

information often can do, it seemed to help people relax a bit and allow for more movement.

Vision

It will come as no surprise that articulating a powerful vision of the future desired state is a critical part of serious change efforts that require others to cooperate. Many of the authors in this volume, including Bruininks, Adams and Shaw, mentioned this in one fashion or another; John Sexton talked about it as having ‘a story,’ and Fritz Fleischmann reminded us that ‘everyone wants to be part of something great.’⁴ This is exceedingly tricky in the academic world, however.

For one thing, there is almost as much cynicism among academics as among business people about lofty vision statements that are created, posted, included in the institution’s literature and then completely ignored. No one wants to get excited about some grand purpose and then discover that he or she is all alone waving arms and shouting. And it isn’t easy to find genuine common vision among the many colleges, programs and departments in a large university. It is far easier to say that vision is important than to decide which one is inspirational in that context, concrete enough to be understood, broad enough to cover the gamut of activities and reasonably viable to be credible as an aspirational statement.⁵ Far too many vision statements aren’t worth the cost of printing them.

Furthermore, the idiosyncratic way that authority works in academia makes it especially hard for senior administrators to take the lead in establishing a vision. You can’t get too far ahead of where the faculty are or the very attempt will create resistance. Faculty members do not like to be told what to do or what to aim for. On the other hand,

most faculty complain about ‘lack of vision or leadership’ in their leaders so they, like all humans, have a desire for direction. Thoughtful timing can help us overcome this impasse: allowing a great deal of wallowing in the territory, and then coming in with an articulation that pulls together many ideas and shows participants how higher-order agreement is possible. Given the daily stresses under which educational leaders labor, the ability to lift concrete ideas to a higher level of abstraction is no mean feat.

Of course, it isn’t nearly enough to articulate a compelling vision; as Shaw (Chapter 12) points out, you have to walk the talk and follow up consistently or the elegant phrases become empty words and generate cynicism. In fact, not only does the leader have to behave consistently with the vision to make it real, but many policies and practices have to be aligned and executed consistently in order to make the vision stick.

John Sexton (Chapter Nine) mentions his experiences at St. Francis College in Brooklyn, which reminded me of work I did with the College of the Holy Cross in Worcester, Massachusetts. In one draft of a possible vision statement, Holy Cross said it wanted to be ‘the pre-eminent liberal arts college that in the Jesuit tradition educates men and women for intellectual and moral leadership.’ But it took a great deal of discussion to figure out what that meant, and who would be the relevant competitors. Should Holy Cross be competing with Boston College and Gonzaga, or with any outstanding liberal arts college such as Amherst, Williams, Wesleyan or Swarthmore that claims to develop leaders? And what would it mean for athletic teams, residence halls, classroom pedagogy, curriculum and so on? Taken seriously, a vision can stimulate transformation of all aspects of an organization, which is certainly not easy.

A variation of this need is that vision becomes relevant to leaders at all levels of the organization. The institution's larger vision doesn't always specify what the physics or history department will become, how the financial aid office will be run or how student affairs relates to students. Leadership implies change, so each leader needs to articulate a vision for his or her unit and live it.

Although different visions or aspirations will appeal to different faculty groups and individuals, very few faculty members do not care about student learning or how students perceive them. No one wants to be disrespected. It is not impossible to unite faculty in a common cause that includes learning, though I admit that some faculty members can disguise this quite well.

Support

Even brilliant visions will not be realized if the key stakeholders are not supportive or at least neutral. Figuring out how to influence them is central to producing change. There are great examples of this from Adams of Georgia (Chapter 13) and Bruininks of Minnesota Chapter 14); both leaders identified critical stakeholders, in and outside the university, and used everything from creative financing to allowing widespread participation in order to win necessary support. One important suggestion is to chart all possible stakeholders ahead of time, so that no important ones pop up to create havoc unexpectedly. President Adams discovered late that students wanted a voice in the campus and building designs, which fortunately did not end his building program, but might have been anticipated. Shaw (Chapter 12) has several good suggestions in this realm, including transparency, quick wins, providing the tools needed to implement the changes and triaging which stakeholders to cater to and which just to be nice to.

My own advice is to embrace resisters, for two reasons: sometimes they actually know things that are useful and by listening carefully, you reduce secondary resistance. They may still disagree, but do not become furious and retaliatory for feeling cut out.

I immodestly suggest that the model of influence without authority that I developed with David Bradford, based on reciprocity and exchange, can be a useful guide for dealing with difficult stakeholders (Cohen and Bradford 2005). The basic idea is that you have to determine what ‘currencies’ stakeholders value and find ways to give them some of what they value for what you want. The chance to believe in a compelling vision, for example, may be enough to get some stakeholders to play, though others may prefer status, recognition, resources—especially those controlled by the individual, freedom (a faculty favorite) or an infinite host of other things. Most individuals and groups send many messages about what they value, (and why they resist) but eager change agents sometimes are so busy insisting on how wonderful their change is that they never hear what it would take to gain cooperation.

Pathways and procedures

Even with the right kind of moderate dissatisfaction, a well-articulated vision and support from key stakeholders, change is unlikely to take hold if no one knows how to get there from here. If, for example, you want to pursue the cross-disciplinary grail but the faculty do not know how to share the classroom, cannot make curriculum decisions as a team and have no integrated teaching materials, your worthy goal may wither.

To sustain a new direction, eventually everything about the way an institution is run should align with the strategy and vision. As discussed in other chapters, in order to sustain innovation, recruiting, hiring and retention, rewards and incentives, administrative

systems, information systems and the like need to be at least consistent with the intended changes. Even physical facilities may have to be altered to support the changes. At Babson, we had to make over 200 changes to support systems in order to implement our new MBA curriculum, all the way from when residences had to be ready to accommodate an earlier fall start, to how we distributed materials, assignments and a complicated new class schedule to students, to when the bookstore would be open. And when undergraduate reforms were implemented, some of these had to be changed again.

Cost of change

There is no free lunch. In addition to the enormous amount of time and effort required, meaningful changes will incur many costs. Some good people will be deskilled, and have to spend a long time learning new ways to be effective. Some will lose power or status. Others will have social connections broken, which is seldom discussed but drives a lot of behavior in the academic world. Just try to get people to change their office locations or reassign their favorite janitor to another building, and see the resistance!

As John Sexton suggests, some faculty members may have to go, if they can't get on board with the new way, whatever that is. In fact, if some faculty do not decide that they would rather be at a place that is more to their liking, the changes and all the supporting arrangements have probably not gone far enough. There is ample diversity among institutions so that many of those who want some other direction and policies can find another home, though not everyone is mobile or adaptable. And not all of those who do not accept the changed direction or practices will decide to leave; they will exercise their faculty prerogative to complain mightily. (Although I am observing at a distance, I

suspect that some of Larry Summers's troubles at Harvard are connected to his mandate to alter some traditional practices there and not just his remarks on women and science. As Shaw mentions, change involves emotions).

Courage needed

That leads to a final point. Change in any organization is never easy and it requires true courage of those who lead it. It takes courage to make some people uncomfortable, to commit to a vision even though we can never be certain it is the right one, to drive changes against opposition and yet find the heart and patience to listen to our critics and adjust plans accordingly.

It is important to be a good person, and critical to be a trusted one, but if academic leaders only care about being liked and approved of, they are looking for love in all the wrong places. More likely than not, you can achieve 'beloved' status only after the battles are over and the new ways have taken root. The coming crises in higher education, so aptly diagnosed in this volume, require all our courage to lead necessary changes and to bear the personal consequences. More power to us all.

Notes

1 For a discussion of Welch's accomplishments, see Allan R. Cohen and David L. Bradford (2002), 'Power and Influence,' in. Subir Chowdhury (ed.), Organization 21C: Someday We'll All Lead This Way, a Financial Times Prentice Hall book, Saddle River, N J: Pearson Education Inc., 193-211.

- 2 Babson won the Hesburgh Award in 2002. This award is given by the American Council of Education in conjunction with TIAA-CREF to recognize exceptional programs designed to enhance undergraduate teaching and learning. Babson won the Pew Award in 1997. The Pew Award is given for the renewal of undergraduate education and recognized the development and initial implementation of a new integrated undergraduate curriculum.
- 3 David Kirp's presentation at 'The New Balancing Act in the Business of Higher Education', a conference sponsored by the TIAA-CREF Institute, 3 November 2005.
- 4 Fritz Fleischmann, Dean of Faculty at Babson College, comments at 'The New Balancing Act in the Business of Higher Education', a conference sponsored by the TIAA-CREF Institute, 3 November 2005.
- 5 For further discussion of vision, see Vaill, Peter B. (with Cohen, Allan R.) (2003), 'Visionary Leadership,' in Allan R. Cohen (ed.), The Portable MBA in Management, (second ed.), Wiley, 17-47.

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