Reflections on Organizational Transformations: Tough Terrain

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Nearer, My God, to Thee.

Here let my way appear,
Steps unto heaven,
All that Thou sendest me
In mercy given.
Angels to beckon me.
Nearer, my God, to Thee,
Nearer to Thee.
100 years: what have they learned??????
DECLINE RATE IS ABOUT 30-35%

WHAT CAUSED THIS? WHEN????

WHAT IS THE CAPACITY TO ADAPT?

DO WE ADAPT TOO LATE???
Nokia

JAN 2008 - $151 Billion

May 2012 - $10 Billion
Why Don’t They Adapt?

THREATS TO PERSONAL MASTERY

MENTAL MODELS
The Dysfunctional Dozen

- Centralization
- No long term planning
- Low innovation
- Scapegoating
- Resistance to change
- Turnover
- Low morale
- Loss of slack
- Fragmented pluralism
- Loss of credibility
- Non-prioritized cuts
- Conflict
Turnaround Strategies

• **Strategy Issues:**
  – Exit
  – Create new options

• **Operating Issues:**
  – Revenue increases
  – Cost reduction
  - Asset reduction
Some Examples

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<th>IBM</th>
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IBM

• Left PC and browsing business
• Added Lotus for data integration
• Built a consulting-services business
• Cut 100,000 employees
• Closed some facilities
GM

- Dropped Saturn, Hummer, Pontiac
- Downsized by 64,000
- Lowered salaries
- Closed plants
Ford

• Dropped Jaguar, Land Rover, Volvo
• Released 50,000 workers (122K to 72K)
• Closed 14 plants
• Simplified operations
IRS

- Cut half the managers
- Changed structure
- More aggressive use of technology
- Increased service time (24/7 by phone, Saturday offices)
Parakeets in the Mine Shaft

- What is our internet (cf. the USPS)?
- What is our I-phone (cf. Nokia)?
- What is our global competition (cf. GM, etc.)?
Leading Indicators

- Seniors before juniors
- Health care before most else
- Income transfer more than service provision

Whom do we serve???
The Functional Three

- Define a different future
- Build capacity of organization to adapt
- Build individual resilience
Get ready for uncertainty