Managing Change Through Organizational Conversations

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Abstract

Due to a range of external and internal factors, organizations operate in a constant state of change. Communication in support of change efforts often takes the form of leader-driven messages that inform employees yet offer them little opportunity to be co-creators of the desired change. A more interactive and inclusive communications model, developed from research on the current state of corporate communications, has emerged. Organizational Conversation (Groysberg & Slind, 2012) focuses on talking with people not at them. Since conversations already constitute the fabric of an organization, the Organizational Conversation model could offer a more effective approach to change communication. Using grounded theory, this research project will explore the role of conversations between leaders and employees who are involved in corporate change management initiatives and will evaluate the Organizational Conversation model to determine if it offers a viable change management communications approach for organizations.

Keywords: change management communication, change management, organizational conversation, corporate communications

Introduction

Changing workforce demographics, emerging technologies, economic shocks, competition, social trends, and world politics are just a few of the reasons companies find themselves in a constant state of organizational change. From quarter to quarter, business leaders confront a range of challenges requiring them to make rapid organizational shifts often to improve the company's productivity, address financial performance, or shift their go-to-market strategies.

According to Robbins and Judge (2009), "No company today is in a particularly stable environment. The dynamic and changing environments that organizations face require internal and external adaptation sometimes calling for deep and radical responses" (p. 619). Managing rapid change can be challenging as communication professionals race to align messages with a company's new direction, often relegating communication to a write-it-and-distribute-it exercise that informs employees of organizational changes versus engaging them in it (Proctor & Doukakis, 2003). In this scenario, "Communication is seen as a tool for announcing and explaining change, preparing people for positive and negative effects of change, and reducing confusion about resistance to change" (Ford & Ford 1995, p. 542). Employees become recipients of information rather than active participants in discussing the desired change or its professional or personal impact. This traditional top-down communication approach may not generate the business results the organization's leaders expect. As explained by Procter and Doukakis (2003), "The key to effecting change is to involve people in the process early, to consult with them and to get them to take ownership of the new ideas that are to be introduced" (p. 275).

One alternative approach to engaging employees in organizational change is shifting from the traditional top-down communications model to the recently introduced Organizational

Conversation (OC) model. As described by its creators Groysberg and Slind (2012), OC focuses on “how leaders manage the flow of information, to, from, and among their employees. Traditional corporate communications must give way to a process that is more dynamic and more sophisticated. Most important, that process must be conversational” (para. 1). The model builds on four attributes of interpersonal conversations: intimacy, interactivity, inclusion, and intentionality. As Groysberg and Slind noted, “Smart leaders engage employees in a way that resembles an ordinary person-to-person conversation. Furthermore, they initiate practices and form cultural norms that instill a conversational sensibility throughout their organization” (para. 3).

As corporations launch many more change initiatives, leaders may identify a need for a strategic shift to integrating a more conversational approach to reach and engage employees if they want to ensure the success of those initiatives. Ford and Ford (1995) advise, “Producing change is not a process that uses communication as a tool, but rather a process that is created, produced, and maintained by and within communication. Producing change is a matter of deliberately bringing into existence, through communication, a new reality, or set of social structures” (p. 542).

As a corporate communications professional, I can see the value in the OC model, and I am interested in understanding the role of conversations in implementing and managing change. The purpose of this research project is to explore the viability of the OC model as part of a complete change-management communications strategy. Using grounded theory research methodology, I will analyze the role of conversations in successful corporate communication change efforts as outlined in three Fortune 500 company case studies. The analysis will explore conversations by theme and subject, across employee levels, settings, and frequency.

Furthermore, analysis findings will be evaluated against the four components of the OC model -- intimacy, interactivity, inclusion, and intentionality to determine its viability as a change management communications approach.

Literature Review

Companies, regardless of industry or size, are often confronted with change that requires profound and rapid reactions (Robbins & Judge, 2009). These responses must address planned and unplanned organizational change. Planned change, the focus of this research, is proactive and purposeful and "seeks to improve the ability of the organization to adapt to change and to change employee behavior" (Robbins & Judge, 2009, p. 621). In addition, companies are responding to change by embracing the critical and evolving discipline of change management. As described by Ruddle and Moore (1999), "Change management ensures organizations and employees meet new and existing performance targets rapidly and effectively by helping organizations create the right management disciplines and processes, organizational structures, culture, competencies and capability for superior human performance so that change goals are achieved and sustained" (p. 277).

A key component of organizational change management is communication. Elving (2005) stated, "Communication is vital to mutual understanding of the problems organizations have to face in order to meet the challenges, and need to change" (pg. 130). In addition, if a primary focus of change management is to change how employees complete their tasks, communicating about the purpose of the change and its outcomes is critical and should be an integrative component of a change strategy (Elving, 2005).

Ford and Ford (1995) explained that communication is a vehicle by which change occurs and that conversations are fundamental in producing intentional change and advancing the change process. Conversations are more than simply dialogue between one or more people, but rather “a complex, information-rich mix of auditory, visual, olfactory, and tactile events, including not only what is spoken, but the full conversational apparatus of symbols, artifacts, theatrics, etc. that are used in conjunction with or as substitutes for what is spoken” (Ford 1999, p. 484).

Ford (1999) also stated, “Organizations are networks of conversations. Conversations provide texture for organizations. Planning, budgeting, firing, promoting, managing and rewarding are all conversations that are interconnected” (p. 485). Similarly, Moon (2008) described an organization as “a rich tapestry of conversations that reflects the multitudes of perspectives and ideas among its employees. The various organizational functions, areas of expertise, and personal concerns found in organizations are reflected in conversations” (para. 19). Such conversations supply the methods by which employees co-create meaning of everyday events and thus co-create their organizational realities, realities that are “invention[s] of which we strive daily to maintain and understand, using language and dialogue with others” (para. 8).

With a focus on the significant conversations that happen in support of a change initiative, I used Ford and Ford’s (1995) operational definition of conversations: “verbal interactions between two or more people in which the interaction can range from a single speech act to an extensive network of speech acts” (p. 546). They added, “if change is seen as occurring in communication, then the management of change can be understood to be the management of conversations” (p. 566).

Organizational Conversation Model

Harvard University professors Boris Groysberg and Michael Slind developed the Organizational Conversation (OC) model after conducting research on the current state of corporate communications (2012). For more than two years, they interviewed 150 people at more than 100 American and international organizations, ranging from Fortune 500 companies to start-ups and non-profits. Their findings indicate, “By talking with employees, rather than simply issuing orders, leaders can retain or recapture high levels of employee engagement and tight strategic alignment” (Groysberg & Slind, 2012, para. 3).

Since conversations take place in hallways, break rooms and in offices -- whether or not leaders participate in them -- employing these conversations in an OC approach to organizational change could offer leaders the opportunity to manage “the flow of information in a [more] honest and open fashion” (Groysberg & Slind, 2012, para. 42). Beyond setting the tone for conversations, managing them according to the model fosters and facilitates conversation-like practices that result in higher levels of employee trust, improved operational efficiencies, greater levels of employee motivation and stronger alignment between top-level strategy and front-line execution.

Similar to interpersonal conversations, the attributes of the OC model are intimacy, interactivity, inclusion, and intentionality. Groysberg and Slind (2012) explain that “When two people talk with each other, and when that talk is at its most robust, the scale of their conversation is dynamic and interactive, their participation in the conversation is equal and inclusive; and their approach to the conversation is focused and intentional” (p. 3). Below are descriptions of the model's attributes:

1. Intimacy: Intimacy describes the quality of relationships realized through honest and authentic conversations and by minimizing the institutional, altitudinal, and spatial distance between the leader and employees. In addition, conversational intimacy requires all participants to be active listeners. Intimacy “equips leaders to manage change within

their company, and helps them to solidify buy-in among employees for new strategic initiatives" (Groysberg & Slind, 2012, p. 4).

2. Interactivity: Organizational conversations create a dynamic where leaders move from merely *talking to* employees to actively *talking with* them. Conversations are interactive and represent, "a bilateral or multilateral exchange of comments and ideas, a back-and-forth process" (Groysberg & Slind, 2012, p. 64).
3. Inclusion: Inclusion describes an invitation for everyone to share their ideas, even their hearts and souls, into the conversation mix. Through organizational conversations "employees participate in the work of generating content through which a company tells its story, both internally and externally" (Groysberg & Slind, 2012, para. 5). Employees become active corporate storytellers who share their experiences across the organization, ending the traditional top-down process to create content. In the end, inclusion drives a heighten level of employee engagement that spurs innovation and creativity.
4. Intentionality: Conversational intentionality promotes the important message of is driving business value and ensuring business strategic alignment. Intentionality allows, "The many voices that contribute to conversations within an organization [to] converge into a single vision for the organization – a single understanding of its mission in the world and its place in the marketplace" (Groysberg & Slind, 2012, p. 5).

By identifying and valuing intimacy, interactivity, inclusion, and intentionality, the OC model brings individual employees together. As Groysberg and Slind (2012) explained, "Organizational conversations open up new ways for employees from all parts of the company to put forth ideas and information, and it progresses by integrating their voices and viewpoints into a common vision" (p. 229).

As discussed earlier, external and internal business factors continuously generate the need for companies to change. The focus of this project is to understand the role of conversations in organizational change and to determine if the OC model, built on attributes of interpersonal communication, is an effective alternative from the traditional top-down, leader-driven communications approach. The study analyzes conversations from past corporate change initiatives and evaluates the findings against the OC model to offer insight on its viability to successfully introduce and implement change.

Methodology

I used grounded theory to explore the role of conversations in successful organizational change efforts and to evaluate the viability of the OC model as a change communications approach. Grounded theory, "a qualitative tradition built on compared concepts" (Scott & Howell, 2008, p. 2), allows a researcher to "generate new insights by discovering the social reality of those whose actions combine to impact a given set of phenomena" (Holton & Swanson, 2005, p. 266).

Due to time constraints and the inability to conduct primary research, case studies provided the data for the analysis. As Rowley (2002) explains, case studies can help answer how and why questions because of their deep and detailed investigation. Further, "Case study research is also good for contemporary events when the relevant behavior cannot be manipulated. This research uses a variety of evidence from different sources, such as documents, artifacts, interviews, and observation, and this goes beyond the range of sources of evidence that might be available in historical study" (p. 17).

Due to their academic reputations and business school case study teaching approach, Harvard Business School Publishing and Stanford University Business databases were used to identify case studies. In addition and because of the depth of their databases, Google and Google Scholar were also researched.

To ensure change management initiatives would be comparable in size, scope and business reasons for the change, the following selection criteria were used: (1) case studies published after 2000, (2) case studies on Fortune 500 companies based in the United States, (3) case studies describing enterprise-wide change initiatives, and (4) case studies offering a robust narrative. Fifty-three case studies were reviewed based on the criteria outlined above. Case studies chronicling change initiatives for Corning, Seagate and Gillette, prior to its merger with Procter and Gamble, were selected based on the scale of the company's change initiative and the depth of the conversations in support of the change.

Using grounded theory for the case study analysis allowed, "the data to inform and help determine an accurate portrayal of what [was] happening" (Melzer & Migilaccio, p. 83). A five-step analysis approach was used for each case study. First, I coded conversations. As explained by Melzer and Migiaccio (n.d.) "coding, in grounded theroy, is about developing conceptual categories to summarize, synthesize, and sort the observations derived from data. By not relying on previously established expectations, the researcher allows the code to fit the data, as opposed to having the data fit the codes" (pg. 83). To aid the analysis, a conversation matrix for each case study was developed based on the following conversation coding scheme: themes, subject, participants, settings, and frequency.

The second step was findng patterns in the coding. In grounded theory research "it is important to let patterns emerge before examining [them]" (Melzer & Migilaccio, p. 83). The third step was to establish thematic concepts from these patterns. Fourth, by comparing the coding among the case studies, the researcher identified shared themes. These shared overarching themes were evaluated against the four attributes of the OC model (intimacy, interactivity, inclusion and intentionality) to offer insight into the viability of the OC model as a change-management communications approach.

Case Study Analyses

Selected case studies provide insight into large-scale organizational change at well-established Fortune 500 companies. The drivers for change across all three companies reflect many of the challenges companies face as their business matures, competitors add new marketplace pressures, and the global economy shifts.

I: Seagate

Kanter, R., Raymond, D., & Baranowski, L. (2003, September 30). Driving Change at Seagate. *Harvard Business School Case*. Harvard Business School Publishing.

Steve Luczo, Seagate's new CEO, leads a turnaround initiative to raise the company's productivity and to increase innovation through teamwork and cross-functional collaboration. Seagate is a global producer and supplier of computer storage products.

Summary

Founded in 1979 by a former IBM engineer, Seagate is a leading global provider of hard drives and storage solutions. The company's product portfolio includes hard disk drives, solid-state drives and solid-state hybrid drives for both business and consumer products that help people store and protect digital content. Seagate components are found in enterprise data centers, cloud-based computing, and desktop and notebook computers. With headquarters in Cupertino, California, the company employs more than 50,000 people worldwide (About Seagate, 2013).

In September 1997, Steve Luczo began Seagate's new chief executive officer. Formerly an investment banker who had represented the company in a 1989 acquisition, Luczo had been the company's senior vice president responsible for the global technology group and understood firsthand the emerging competitive pressures Seagate was facing. He also knew that the company's siloed operating model was beginning to weigh it down.

Seagate's competitive position was to be a fast follower versus an industry innovator. The company's business strategy was to offer products similar to those produced by manufacturers such as Dell and IBM at lower prices immediately after the products became available to consumers. Unfortunately, as these manufacturers consolidated, they were able to shorten product production time, making it harder for Seagate to produce comparable products at lower prices. In addition, the company's business units operated in silos and prided themselves on being fiercely competitive. This business model and competitive corporate culture hampered the company's ability to cost-effectively work together to speed production time, focus on product development, and keep retail prices low. Seagate simply could not stay nimble and innovative, while maintaining its low-cost position in the marketplace.

In response, Luczo launched *One Seagate*, a major change initiative designed to create a culture that respected hierarchy but drove enterprise-wide collaboration and accelerated time-to-market production. *One Seagate* relied on three key components. First, Luczo ensured that his leadership team was fully onboard. Second, he encouraged leaders to give Seagate engineers full permission to innovate and take risks, and third, he brought together top performers to create cross-functional core teams to tackle the company's product production issue and to breakdown the silos.

Luzco's approach reinvigorated the company and by 2003, Seagate achieved a dominant market share position and was highly profitable (Kanter, Raymond, & Baranowski, (2003).

Organizational Conversation Coding

The Organizational Conversation coding analysis revealed three primary initiators of conversations: the CEO, senior leaders, and middle managers (Table 1). Initial senior-leader level conversations focused on encouraging their peers to buy into the initiative or coaching individuals who resisted. The CEO initiated conversations with middle managers to help construct the company's new vision. The settings for these conversations were meetings both face-to-face and by satellite broadcast. The visioning process also included developing personal visioning boards for middle managers. The company's vision cascaded down from senior leaders through the organization. The settings for these conversations could not be determined from the case study narrative.

Middle managers were the primary drivers of the *One Seagate* initiative. Cross-functional core teams of middle managers modeled and relied on teamwork and collaboration to innovate and enhance product production-to-market processes. Based on the coding analysis, *One Seagate* team members were involved in robust conversations among themselves. Teams, working in especially designed shared office space, had full permission to make decisions without conferring with senior leaders. This level of autonomy was new in the corporate culture and required teams to build relationships based on shared successes and failures, reliance on each team member's natural strengths to accomplish tasks, and informal peer-to-peer coaching. Team conversations were both work-focused and personal and led to a heightened level of trust.

Thematic Concepts:

Seagate's ability to remain competitive depended on its ability to accelerate product production-to-market time. In order to make process improvements, employee behavior and perspective needed to change. Without a true enterprise-wide commitment to collaboration and teamwork, improvements and innovation would nearly be impossible. The CEO and senior leaders launched the initiative, clearly outlined expectations and outcomes, and provided the structure and working environment, but change realized through conversations driven by middle managers successfully achieved the business results.

In analyzing the conversation coding, two dominant themes emerged. The first is that behavior-base change, such as collaboration and teamwork, is best introduced and led through conversations by individuals who must make the change. In the case of Seagate's initiative, these individuals were the company's middle managers. Second, conversations driving large-scale behavior-based change need to be supported by an organizational structure that encourages and facilitates both professional and personal proximity. Seagate's decision to create cross-functional teams that shared office space was instrumental in breaking down its siloed culture. Proximity and focusing on common business objectives created conversations that required and modeled collaboration and teamwork.

Table1. Seagate Conversation Coding

Seagate Conversations Coding Matrix		**Business Drivers of Change: Competitive Readiness** **Focus of Change: Enterprise-wide change needed to speed product development to market time**		
Themes	**Subject**	**Conversation Participants**	**Setting for the Conversation**	**Frequency**
Collaboration	Call for collaboration and teamwork in order to launch initiative	CEO to senior leaders	Corporate Management Council (CMC) meeting	Undetermined
Professional Development	Coaching on how to collaborate	Onboard senior leaders to reluctant senior leaders	1:1 sessions (assumed)	Undetermined
Corporate Vision and Mission	Vision and Mission	CEO and COO to senior leaders	Meetings	Undetermined
Corporate Vision and Mission	Vision and Mission	Senior leaders to their direct reports	Notes from leader meeting for meetings	Undetermined
Corporate Vision and Mission	Vision and Mission	CEO to lower management levels	Satellite broadcast	Regular (number not identified)
Corporate Vision and Mission	Personal vision and mission boards	Lower management to CEO	Undetermined	Undetermined
Business Performance	Financial updates	CEO to employees across functions and divisions	Meetings at each facility/ Notes provided to employees	Monthly
Innovation	Advance innovation and encourage thoughtful risk taking	Senior leaders to product engineers	Meeting	Undetermined
Operations and business collaboration Teamwork	Launch of cross functional teams to break silos and drive collaboration	CEO, senior leaders to selected cross-functional core team members Peer to peer	Off-site meeting and team meetings	One time, 3-day meeting / regular team meeting
Team development and business decision making	Collaboration to expedite product time to market	Peer to peer (core team)	Team meetings, individual	Daily (assumed based on shared office space for each core team)
Improved Operational Effectiveness	Six Sigma training	Trainer to employees	Training sessions	Undetermined
Leadership support for Operational Collaboration	Reinforce that collaboration initiatives would work	CEO, COO and senior to all employees Peer to peer across levels	Town hall meeting Communication meeting Individual conversations	Undetermined
Teamwork and Self Reflection	Importance of teamwork through play	Inclusive of senior leaderships and select group of employees	Eco-challenge – offsite retreat	4-day event
Innovation	Innovation that enhanced product time to market	Core team to leaders	Undetermined	Undetermined

II: Corning

Ackerman, R. G., & Nelison, G. L. (1996, April 1). *Partnering for Results: A Case Study of Re-engineering, the Corning Way*. Retrieved from Strategy + Business: www.strategy-business.com

Roberts, M. J., & Tushman, M. (2001, May 30). Corning 1983-1996: Transition at the Top. *Harvard Business Cases*. Harvard Business School Publishing.

Roger Ackerman, Corning's new president and chief operating officer, leads a company-wide initiative to shift the company's business strategy, identify cost saving opportunities and create a new culture to support these changes.

Summary

Corning, headquartered in Corning, New York, employs nearly 30,000 people and has a robust history of product innovation through science and process engineering. With facilities around the world, Corning creates components for high-technology systems for consumer electronics, mobile emissions control, telecommunications, and life sciences. (About Us Corning, 2013)**.**

In 1993, Corning faced a significant financial shock when it reported a $15 million net loss due to a one-time write-down of its equity in Dow Corning. The write-down, which resulted from legal issues related to Dow Corning's silicone breast implants, caused Corning to miss its earnings target for the first time in nine years. Subsequently, the company's stock market valuation dropped 25 percent. In order to manage this unfamiliar financial challenge, Corning leaders realized they needed to implement a major re-engineering initiative focused on cutting cost and producing profitable growth. In addition, the re-engineering provided Corning with the perfect opportunity to strategically examine the evolving marketplace and determine how to move from relying on breakthrough products to focusing more on value, speed, and customer satisfaction.

Led by Roger Ackerman, Corning's chief operating officer and president, the company launched *Corning Competes*, a three-year initiative designed to reduce operating cost by nearly $450 million while creating and investing in the right capabilities to generate profitable growth. Beyond an internal re-engineering effort, Corning leaders also realized that any significant cost reduction program, which could result in layoffs, would have an impact on the small town it called home. As stated by Ackerman and Nelison (1996), "The *Corning Competes* label [and approach] gave management the vehicle to define Corning's purpose – preparing for growth and recognizing the need to deal with costs, but also [remain] sensitive to the [potential economic impact to the] community" (para. 10).

The *Corning Competes* initiative focused on ways to speed decision-making, introduce and create a cost-conscious culture, and encourage cross-enterprise flow of information. A foundational component of the initiative was the creation of *Compete* teams. Teams were comprised of top performers who represented multiple levels of responsibility at the company, from the executive suites all the way to the shop floor. More than 300 employees worked full time on these teams over the course of the initiative.

Corning Competes results in the first year were impressive as the company improved its competitive positioned and in 1994 made $140 million. Corning even surpassed its Wall Street prediction to double earnings by 1996 and realized the goal in 1995. (Ackerman & Nelison, 1996; Roberts & Tushman, 2001)

Conversation Coding Analysis

Based on the Conversation Coding analysis, CEO conversations focused on Corning's new vision dominated the initial phases of the initiative. Starting with meetings with c-suite leaders and gradually followed by individual meetings with middle managers, team meetings, focus group sessions, and town hall meetings, a large number of conversations generated ideas for the company's new vision. This is not surprising since an important focus of the initiative was to determine how Corning would shift its business model in order to remain competitive. In addition, senior leaders formally launched the initiative and provided performance updates throughout the effort in employee town hall meetings (Table 2).

Corning Competes employee teams were the primary drivers of the Corning initiative. Each team followed a phased process with the goal to identify cross-enterprise opportunities to conduct business that aligned with the initiative's business objectives. The first phase was identifying opportunities for improvement, followed by quantifying the opportunity, and developing an implementation plan. The next phase was involving their peers in executing the plan and the final phase was continuous monitoring. Through their efforts, *Corning Competes* teams also documented best practices and ensured their integration into ongoing methods of conducting business.

In summary, team conversations focused on creating process improvements and instituting new ways to conduct business. Cross-enterprise and cross-functional teams worked in closely together allowing for an easy flow of information.

Thematic Concepts:

Corning used an unfamiliar financial situation to create a new vision for the company and to identify and implement process changes that reduced cost and improved operating methods. To launch the initiative, leaders led a visioning process and actively engaged employees in creating the new vision by gathering feedback through face-to-face meetings, focus groups, small group meetings, and town hall meetings. Once the vision was established, company-wide buy started with town hall meetings, question-and-answer sessions, and a toll-free number employees could use to learn more about the vision and the initiative.

An emerging theme from the analysis was the primary role employee teams played in driving enterprise-wide business process improvements. By creating a shared vision and cross-enterprise and cross-level teams to drive the change, Corning put the future of the company in the hands of its employees.

Employees identified areas for process improvements, made recommendations, and worked with peers to implement the changes. By implementing a change process that heavily relied on the conversations driven by employees from across the company, Corning could generate mass buy-in from employees, model the business benefit of teamwork, and, ultimately, create the change needed to secure the company’s future. Furthermore, employee conversations allowed Corning to keep their hometown informally appraised of the changes the employees themselves were implementing.

Table 2. Corning Conversation Coding

Corning Conversation Coding Matrix		**Business Drivers of Change: Cost savings and profitable growth** **Focus of Change: Re-engineering needed to reduce operating cost and drive profitable growth.**		
Themes	**Subject**	**Conversation Participants**	**Setting for the Conversation**	**Frequency**
Transformation	Re-engineering	CEO to direct reports	C-suite leader meetings	Undetermined
Corporate Vision and Culture	Values and culture	Employee	Focus groups	Undetermined
Corporate Vision and Culture	Values and culture	CEO to employees	Face-to-face conversations	Undetermined
Visioning	Create the operating environment needed to be success in five years	CEO to senior leaders – 2 to 3 levels down from CEO direct reports	Small group meetings	Undetermined
Vision	Vision creation and process for communication	CEO and direct reports	Leader meeting	
Corning Competes – cut cost/profitable growth	Defining the vision and promoting acceptance	All employees	Town hall meetings	Undetermined
Corning Competes – cut cost/profitable growth	Defining the vision and promoting acceptance	All employees	Q & A toll-free number	Undetermined
Business Process Improvement	Assignment to Compete teams (process re-engineering teams)	Senior leaders to high potential, cross-functional employees to identify processes that cut across the company deliver customer value and offer opportunity for significant improvement.	One-on-one conversations	Undetermined
Teamwork	Strengthen teams ability to communicate, work together and create informal networks to enhance results	Compete team – peer to peer (Teams worked in the same area)	Individual conversations and team meetings	Ongoing based on proximity
Business Process Improvements	Process improvements and sharing enterprise best practices	Compete team members to department/business unit leaders (Senior leader support during some meetings)	Meetings	Undetermined

III: Gillette

Kanter, E. (2005, February 5). Gillette Company (D): Implementing Change. *Harvard Business School Cases*. Harvard Business School Publishing.

Kanter, R., & James, W. (February, 8 2005). Gillette Company (A): Pressure for Change. *Harvard Business School Cases*. Harvard Business School Publishing.

Kanter, R., & Weber, L. (2005, February 8). Gillette Company (B): Leadership for Change. *Harvard Business School Cases*. Harvard Business School Publishing.

Jim Kilts joins Gillette as its first CEO selected from outside the company and immediately begins the important work of improving the company's financial performance. He launches a change initiative that touches nearly every company function and geographic region.

Summary

Before Gillette merged with Procter and Gamble in 2005, it was the leading global player in the consumer product industry. However, when Jim Kilts joined the company as its new chief executive officer in 2001, Gillette had missed its earnings projections for 14 consecutive quarters.

Tasked with turning the company around and improving its business and financial performance, Kilts faced a number of issues (1) a conservative corporate culture comfortable with the status quo (2) a lack of accountability across the organization especially for leaders, (3) decreasing market share due to the growth of private label brands, (4) fluctuating global economies, (5) underperforming accounts receivables, inventory turnovers and return on invested capital (6) increasing selling, general and administrative (SG&A) cost, and (6) an unfavorable ratio of advertising and sales promotion expenditures to percent of sales.

As the first outsider to run Gillette, Kilts' initial step was to assess the current business situation. Kilts met with his direct reports, travelled with sales staff, and conducted individual meetings with the top 100 managers. He discovered that Gillette had strong leaders and employees but the culture was stifling their ability to be successful.

Kilts changed the reporting structure to increase accountability and clearly outlined expected outcomes from the reorganization and how business units should work together. In addition, he focused on improving the company’s accounts receivables, controlling inventory by eliminating obsolete stock-keeping units, improving category management, and creating a culture that rewarded performance, not effort. Kilts was more than the author of the change management plan, he served as its ambassador as it moved down Gillette’s leadership levels. His efforts evidently achieved double-digit percentage earnings gains for Gillette before its 2005 merger with Procter and Gamble.

Conversation Coding Analysis

Gillette’s turnaround plan involved a top-down communications strategy. Organizational Conversation Coding analysis indicated that CEO conversations with his direct reports, regional leaders and employees dominated the initiative (Table 3). The analysis also indicated that leaders mirrored the CEO change management approach as initiative plans, expectations and outcomes cascaded down the organization. Conversations with rank-and-file employees did occur but primarily in prearranged employee roundtables and meetings. In addition, site visits, videos, and written communication, allowed Kilts to share with employees what was changing with the company and develop a consistent message regarding company and individual performance expectations.

Thematic Concepts

The CEO’s organizational change plan was Gillette’s plan. Employees were aware of the reasons driving the change and informed of the expected outcomes. However, their engagement was more about implementing the change rather than driving it.

The dominant theme from the analysis was that the CEO initiated and led all major change initiative conversations. Division and regional leaders mimicked is style as the initiative moved down and across the company. Conversations were more directives and outlined expectations for business practice improvements. This approach may have been appropriate since a lack of accountability was one of several issues to address and maintaining control of the initiative could have been a way to model the desired behavior.

Table 3 Gillette Conversation Coding

Gillette Conversation Coding Matrix		**Business Drivers of Change: Economic – consistently failing to hit earnings estimates and loss of corporate purpose** **Focus of Change: Business practices**		
Themes	**Subject**	**Conversation Participants**	**Setting for the Conversation**	**Frequency**
Assessment	Understanding the business	CEO to direct reports, and sales staff	One-on-one meetings with direct reports; traveling with sales staff, one-on-one meetings with top sales managers	Undetermined
Organizational Realignment	Stronger reporting lines for greater accountability	CEO to business unit leaders and chief operating office	Meetings	Undetermined
Informed employees	New organizational structure and CEO expectations	CEO to employees	Onsite meetings, video presentations, roundtable meetings, push email called the Chairman's letter	Undetermined
Parallel organizational structure	CEO operating committee structure repeated across all 5 Global Business Units (GBU), Manufacturing and tech operations and corporate staff functions	CEO to his operating committee, Business units heads and their operating committees	Meetings	Undetermined
Turnaround	Leading turning performance around	GBU heads to regional VPs. Regional VPs to regional managers	One-on-one meetings	Undetermined
Turnaround progress	CEO update	GBUs to CEO and operating committee	Business report and occasional face-to-face meetings	Written report was weekly. Face-to-face meetings based on travel schedules
Financial Literacy	Spotlight on delayed processing of receivables to ensure employee buy in	CFO to field	Financial road show	Undetermined
Weighed priorities	Most important unit priorities first	CEO to designated point person	Operating committee meetings	Undetermined
Problems solved without CEO intervention	Units solve their own problems	CEO to operating committee members	Operating committee meetings	Undetermined
Creating a high performance culture	Performance appraisals	Managers to direct reports	One-on-one meetings	Undetermined

Discussion

Thematic Concepts across All Three Case Studies

Grounded theory relies on the continual evaluation of data to inform the analysis and to keep the data focused on relevant concepts (Melzer & Migilaccio, n.a.). Based on further analysis of the thematic concepts from all three case studies, two change management communication approaches emerged – employee-dominant conversations and leader-dominant conversations.

Employee-dominant conversations. Employee teams drove Seagate and Corning's change initiatives. They identified, recommended, and implemented improvements for cross-enterprise procedures and process. In the case of Seagate, employees also shifted behavior by modeling teamwork and collaboration as they implemented the initiative. Based on the success of Seagate and Corning's change initiatives, employee-dominant change management conversations offer a viable communications approach when the change initiative is focused on shifting culture, behavior or business process improvements.

Leader-dominant conversations. In contrast, Gillette's CEO and divisional and regional senior leaders, who mirrored his style, drove the company's change initiative. Employee engagement was limited to traditional communication vehicles such as town hall meetings, video messages and print publications. The success of Gillette's change initiative suggests that leader-dominant change management conversations play an important role when enterprise-wide business practices need improvement, especially in a culture with low leader accountability.

Thematic Concepts and Organizational Conversation Model

The Organizational Conversation (OC) model suggests a more conversational tone in place of traditional top-down communications. The model builds off four attributes of interpersonal relationships: intimacy, interactivity, inclusion and intentionality. The purpose of this study was to explore the role of conversations in change management communications and to understand if the Organizational Conversation model would be a viable alternative as a change management communications approach. The two approaches that emerged from the research, employee-dominant and leader-dominant change management conversations were evaluated against the model's four attributes. Both approaches rely on proactive conversations that support a clearly defined corporate vision and outcomes from the change effort, but the effectiveness of each approach can vary depending on change initiative factors such as corporate scope, business drivers, corporate culture, and timing.

Employee-dominant conversations and the OC model. Employee-dominant change management conversations aligned with all four attributes of the OC model. Seagate and Corning's decision to drive change through dedicated employee teams and creating shared workspace resulted in varying degrees of conversational intimacy and allowed for honest and authentic conversations. In addition, interactivity was high as Seagate and Corning employee teams and leaders engaged in a range of conversations throughout the course of the initiative. Leaders did not talk with team members but participated in an exchange of ideas and recommendations.

Concerning inclusivity, the Corning *Compe*te teams were comprised of employees from all levels of the company. Seagate core teams were more exclusive and were comprised of middle managers who were top performers; however, decision-making was a shared responsibility. In addition, many Seagate and Corning employees were involved in the visioning exercises and participated in ongoing town hall meetings. Across both companies change initiative efforts, employees were included in the process of creating and driving change, and, most importantly, telling the story of the change they were creating.

With the responsibility to identify, recommend, and implement change, both Seagate and Corning employee teams engaged in conversations that summarized the reasons for change and the company's performance expectations. Intentionality was a natural component of their daily conversations.

In conclusion, the Seagate and Corning employee-dominant change conversation efforts met both companies' business objectives. From this evaluation, the OC model applied against employee-dominant conversations could be an effective change communications approach.

Leader-dominant conversations and the OC model. In comparison, leader-dominant change conversations did not naturally align to the OC attributes and appeared to be more detached than the employee-dominant change conversations. Gillette's top-down approach to change management communication remotely achieved conversational intimacy, inclusion and interactivity through traditional corporate communication vehicles such as site visits, employee roundtable discussions and town hall meetings. In addition, satellite broadcasts and employee publications supplemented CEO-dominant conversations. Based on the OC model analysis, intentionality was the one attribute that strongly aligned with the leader-dominant change conversations. Since Gillette's plan was developed, launched, and promoted by the CEO, key messages regarding organizational realignment, turnaround efforts and accountability were delivered by him and, again, cascaded down the organization by division and regional business leaders.

Leader-dominant change conversations did not aligned well with the OC model. Although the CEO did reach out to employees across various phases of the initiative and employees provided feedback as part of the assessment phase, their primary role was to implement, not identify or create new business practices.

Implications

The project analysis cast an intriguing light on the effectiveness of organizational conversations at the employee level. Findings indicate that the stronger drivers of behavioral change and practice and process improvement may not necessarily be leader-driven directives, but the conversations of employee who actively create, led and implement the desired change. In addition, I believe the analysis redefines a leader's obligation in a change management effort. The leader's role should include creating the opportunity for robust, continuous and topic-specific employee-dominant conversations and then to proactively join the discussions.

Employee-dominant conversations allow employees to ask questions, offer advice, make recommendations, identify potential risks and, in the end, become individually vested in the change. The success of Seagate and Corning's initiatives proved that creating and empowering dedicated employee change management teams working in a common workspace is a communications change best practices.

There is a role, however, for traditional corporate communications in an employee-dominant change conversations approach. Gillette's CEO used town hall meetings, satellite broadcasts, employee roundtable discussions and corporate publications to inform employees of the initiative and expected outcomes. These vehicles served as a megaphone for his change plan but can be adapted to support employee-driven change efforts by promoting change conversations, offering support and recognition for employee teams and underscoring ways all employees can be involved in the change effort.

Although the case studies reported on the positive business and financial outcomes of the change initiatives, they unfortunately did not report on the long-term impact of the initiatives' approach on employee engagement and readiness for future change efforts. I believe that employee teams created a more receptive environment for change and leaders could easily look to *One Seagate* and *Corning Competes* team members to serve as credible change agents. Furthermore, employee teams established a framework for how leaders and employees could come to together to talk with one another – the objective of the OC model.

Study Limitations

Applying grounded theory to case study analysis offered a meaningful exploration of change management conversations. However, conducting interviews with or surveying employees and leaders from the companies covered in the case studies would have improved the depth of the analysis. An additional limitation was that the study only included large and well-established companies. Including small to mid-size companies with smaller employee populations would offer another perspective on the role of conversations in managing change.

Conclusion

Responding to a range of business pressures, companies will continue to launch change initiatives and corporate communications will remain a critical component of these efforts. Corporate communication professionals have the opportunity to embrace a more engaging communications approach by implementing the Organizational Conversation model (Groysberg & Slind, 2012). Built on the attributes of interpersonal conversations--intimacy, interactivity, inclusion, and intentionality-- the OC model is best suited for employee-dominant change conversations, and since all organizational change requires some degree of individual change, the

OC maybe more effective as a change communications model than as an alternative to a traditional top-down corporate communications model.

Furthermore, I believe, the OC model implemented at the employee level versus the leader level, the original focus of Groysberg and Slind's work, allows for more meaningful dialogue to begin at the company's core and move outward. This multi-directional communications flow creates conversation and a conversational tone, the premise of the OC model, yet involves a broader group of employees as co-creators of business-focused conversations.

In conclusion, while this research project offers evidence that an OC model is an effective change management communications approach especially in employee-dominant change conversations, further research is needed to explore and understand the role of the OC model in support of organizational change across business needs and against various business settings. Additional studies also could explore the effectiveness of the OC model as an overarching corporate communications strategy when implemented at the employee level.

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