Resistance, politics and uncertainty

MODULE 6 | 6.6.2 | STUDENT COMPANION

Three more threats can undermine implementation: **resistance** at organisational and individual levels; the **politics and power** that surround every strategy; and **environmental uncertainty** while the strategy is being delivered.

Sources of resistance to change

Organisational sources	Individual sources
Strategic inertia Routines built for stability harden	**Habit and security** Familiar routines feel safe
Narrow implementation focus One part executes; another doesn't	**Economic fears** Status, pay or skills at risk
Group inertia Group norms resist as one	**Selective information processing** Filtering out what doesn't fit
Power relationships Reallocation threatens influence	

Diagnose people, structure and technology early, and respond constructively

Examples: trying to build a customer-focused culture without changing a performance system that rewards something else (narrow focus); a night-shift team that has always run things its own way (group inertia); a partner convinced clients will always need someone to prepare their returns, who doesn't hear evidence that software now does much of it (selective processing). **Responses** run from involving the people most affected and explaining the reasons with evidence, through training, support and negotiation, to using authority only as a last resort.

Politics and power. The politics of implementation is behaviour that advances someone's own status, position or power: chasing promotions, budgets or authority, sometimes by damaging a rival's reputation. Organisations are political arenas of individuals and groups with differing interests. Politics is how differences are worked out by consulting and negotiating; power is what finally settles them (power at rest, politics as power in action). Perrow (1986) saw power as the ability to obtain valued outcomes that others also want; Whittle and Mueller (2010) showed strategy is shaped by social, political and institutional forces, not just rational analysis. Behind every written plan there is often an unwritten one.

What managers should do

Action	Detail
Accept that planning is political	And that personal values affect it
Use planning for several purposes	A means of control and of resolving conflict; a process for bidding for resources; a channel of communication
Carry out five responsibilities	Make the need clear; allocate enough resources; smooth the way; hold key people accountable; develop and empower them
Keep politics healthy	Encourage differing views to build understanding; too much tension creates anxiety and stalls progress

Four tactics for productive conflict

1. Debate the facts
More information keeps attention on issues, not personalities

2. Multiply the alternatives
Several options enrich the debate and reduce conflict

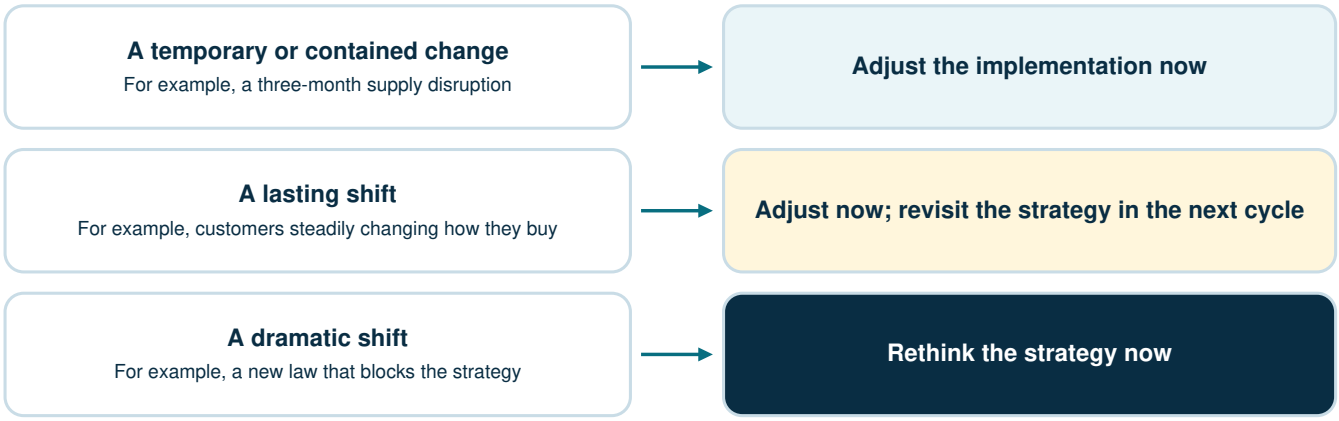
3. Balance the power
A fair process, with real input from those with expertise

4. Decide without forcing consensus
Seek agreement; if it doesn't come, the most relevant senior manager decides, informed by the group

After Eisenhardt, Kahwajy and Bourgeois (1997)

At Corella Partners (imagined): compliance partners fear losing power and income (economic fears, power relationships), and office heads lobby to keep their budgets. Corella shows the evidence of falling compliance fees, asks office heads to design two alternative ways of sharing budgets, guarantees each office a voice on the national teams, and agrees that the managing partner decides if consensus fails. Its written plan promises advice at 40% of fees within three years; the unwritten one accepts that two offices may merge if targets are missed.

When the environment shifts



Usually, change alters how a strategy is implemented, not the strategy itself

Some changes can be anticipated through risk management; others can't, and regulation is a frequent source of surprise. If a recession hit in Corella's second year, the strategy would still make sense, but implementation would adapt: delay the academy's second intake and promote cash-flow advice.

Case note: Hewlett-Packard and Compaq

In September 2001 Hewlett-Packard, led by chief executive Carly Fiorina, agreed to buy its rival Compaq in a deal then worth about US$25 billion. Walter Hewlett, a board member and son of a co-founder, opposed it, backed by David Woodley Packard and the Packard Foundation, and launched a bitter contest for shareholders' votes. In March 2002 the merger was approved with 51.4% of the votes; Hewlett's lawsuit challenging the vote was rejected on 30 April, and the merger completed on 3 May 2002. In 2003 the SEC fined Deutsche Bank's asset-management arm US$750,000 for failing to disclose a conflict when it switched its votes. Divisions lingered, and the board forced Fiorina out in February 2005. Winning the vote was not the same as winning commitment.

Sources: HP-Compaq merger announcement, 3 September 2001; InternetNews, May 2002; HP Form 8-K, 3 May 2002; US Securities and Exchange Commission, August 2003.

Practice questions

MODULE 6 | 6.6.2 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Name the source of resistance

Seabreeze Hospital is introducing electronic patient records.

Behaviour at Seabreeze Hospital (imagined)	Source
(a) Senior surgeons say paper charts have worked for forty years	
(b) Ward clerks fear their jobs will disappear	
(c) Radiology, proud of its own system, refuses as a team to switch	
(d) The records manager, whose department will shrink, delays approvals	
(e) Nurses dismiss reports of time saved at other hospitals	
(f) The rollout is excellent, but rosters still assume paper rounds	

Question 2 - A budget dispute

At Northwind Outdoor (an imagined retailer), the stores division and the online division are fighting over next year's marketing budget, and meetings have turned personal. Apply the four tactics for productive conflict.

Question 3 - Strategy or implementation?

Shock facing Pelican Air (imagined)	Response and why
(a) A volcanic ash cloud closes airports for a week	
(b) The government will heavily tax short flights from next year to favour rail	
(c) A rival runs a two-month fare sale	

Worked answers

MODULE 6 | 6.6.2 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Seabreeze Hospital

Behaviour	Source of resistance
(a) Paper charts have worked	Habit and security (and strategic inertia)
(b) Clerks fear for jobs	Economic fears
(c) Radiology refuses as a team	Group inertia
(d) Records manager delays	Power relationships
(e) Nurses dismiss evidence	Selective information processing
(f) Rosters assume paper	Narrow implementation focus

Question 2 - Northwind Outdoor

- **Facts:** bring data on sales, customer journeys and the return on each channel's past marketing
- **Alternatives:** ask each division for two or three budget splits, including joint campaigns
- **Balance:** give both heads equal time and a neutral chair; involve marketing analysts
- **Decide:** seek agreement; if it doesn't come, the chief executive decides, guided by the discussion

Question 3 - Pelican Air

Shock	Response
(a) Ash cloud	Implementation only: temporary; rebook passengers, protect cash, communicate
(b) Short-flight tax	Strategy: a permanent, dramatic shift; rethink routes and the network now
(c) Fare sale	Implementation: respond tactically with targeted offers; the strategy stands