Index

A
Abercrombie & Fitch, 165
Ability, as determinant of performance, 237; to develop skills and knowledge, 164
Accenture, 133
Acquisitions: for developing new businesses, 110–113, 115–116; for obtaining talent, 175–177
Activity-based costing methods, 144–145
Adelphi, 242–243
Advertising job openings, 170–171, 200–201
Aggressiveness, as element of strategic intent, 64
Alliances, 113–116
Allstate Insurance Company, commitment-to-development contract of, 167–169
Amazon, 43
Ambidextrous organizations, 106
AMD, 43
American Airlines, 35, 57
American Healthways (AMHC), 84–86
AOL, 58
Apple, 82, 259
Applied Materials, 157
AT&T, 15, 83, 259, 291
Attitudes, employee, 194
Automobile industry, changing competitive advantage in, 17–18. See also specific companies
B
Ballmer, Steve, 34
Bancroft-Whitney (BW), 60–61
Bank of America, 103
Bell Labs, 15
Berkshire Hathaway, 98, 111
Beyond Budgeting (Hope and Fraser), 145–146
Beyond-budgeting movement, 145–146
“Big rocks” exercise, 54
Birkenstocks, 70
BMG Entertainment, 67–68
Bodyworks, 111
Bonuses, 263–267; impact of, 263–265; linked to risk taking, 278; recommendations on designing, 265–267
 Bossidy, Larry, 109
Boudreau, John, 198
BP, 10, 103, 200, 300
Brands: company, 7; employer, 164–171; leadership, 220–223
Breadth, of strategy, 64
Brin, Sergey, 278
Budgets: as performance measures, 143–146, 248; supporting innovation, 144, 226
Budweiser, 33, 64
Built-to-change (b2change) logic, 20–21
Built-to-Change (B2Change) Model, 26–28, 284–285; partial implementation of, 286; role of strategy in, 56–58
Built-to-change (b2change) organizations: designing, 21–22; environment as viewed by, 28–32; strategic features of, 86–87; strategizing in, 37; structure of, 105; types of change and, 20–21. See also Transition to b2change organization
Business process outsourcing (BPO), 103–105
Business structures. See Organizational structures

C
Canadian Broadcasting Company (CBC), 68–69
Capital One, 93, 134, 229, 233, 300
Career development: discussed in individual performance appraisals, 136; individual employees as responsible for, 167, 206–208, 231–232; internal movement in company for, 199–203; person descriptions as basis of, 189–193. See also Commitment-to-development employment strategy; Leadership development; Training
CEOs: committed to human capital management, 180; compensation comparisons made by, 183; earnings from stock options of, 271; hero-leaders as, 217. See also Senior management
Change: context demanding, by organizations, 4–8; current view of, 3; disruptive, new companies and, 14–16; environmental, 48–51; identity and, 62–63, 68–69; increased rate of, 1–2, 4, 283; leadership’s importance to, 16; organization design to stimulate, 17–19, 21–22; promoting, as natural process, 292–293; publications on, 2; resistance to, 12–13, 161–163; selecting talent favorably responding to, 171–175; strategic, 71, 72, 77–86; transformational, 10–11, 20–21, 76–77, 83–86; types of, 9–11, 20–21; willingness to, 160–163
Change capability, 40
Change management: developing skills in, 299–300; traditional approach to, 14, 20
Charan, Ram, 109
Christensen, Clayton, 10
Ciba Vision, 108
Cisco, 112, 113, 115, 176, 206
Commitment-to-development employment strategy: employment contracts stating, 158, 167–169; minimization of losses with, 162; pros and cons of, 154–155; rewards with, 160
Communication: b2change view of, 78–80; of employer brands, 170–171; of information to em-
employees, 122–125, 139–140; leadership brand committed to, 221
Companies. See New companies; Organizations
Compaq, 77
Competencies: capabilities vs., 43–44; defined, 38; managing, 187–188; measuring, 135–136, 141–143, 253–254; relationship between strategic intent and, 57–58, 69–70; rewarding, 254; as source of competitive advantage, 40–41, 42–43
Competency modeling, 9
Competitive advantages: changing nature of, 6–7, 17–18, 19; competencies and capabilities as sources of, 40–44; series of temporary, 41, 310–311
Competitors, information about performance of, 122
Connectors, 79
Contract employees, 174–175
Coors, 36
Corning, 32, 109
Costco, 2, 33
Creating value process: in B2Change Model, 27, 28, 56, 57, 284–285; as contributor to organizational effectiveness, 27; as leveraging competencies and capabilities, 37–44
Creative destruction, 51
Critical configuration: defined, 36, 45; in virtuous spiral organizations, 45–48
Critical work, management of employees doing, 195–199
Crucible jobs, 196–197, 228–229
Culture: learning, 210–211; organizational, 33, 58–59
Customers, organizational structures focusing on, 89–91, 105, 307–308
D
Dayton Hudson Corporation, 49–50
Decision making, 149–152; in b2change organizations, 151–152; employee involvement in, 149, 151–152; transparency in, 150, 152
Dell, Michael, 129, 233
Dell (company), 15, 45, 129–130
Delta, 35, 57
Deploy Solutions, 124
Designing process: in B2Change Model, 27, 28, 285; as contributor to organizational effectiveness, 27; as integrating elements of organization, 44–45. See also Organization design
Development. See Career development; Commitment-to-development employment strategy; Leadership development
Differentiation, as element of strategic intent, 64–65
Disruptive technology, 10
Downsizing, managing, 185–186, 196, 203–206
Dynamic alignment: defined, 44–45; requirements for, 306; in virtuous spiral organizations, 45–48
E
Ebbers, Bernard, 217
Eckert, Bob, 230
EDS, 133
Effectiveness: measuring, of individual performance appraisals, 130; need for dynamic view of, 25. See also Organizational effectiveness
Egan, Al, 23–25, 28, 33
Electronic Arts, 29
Email, resistance to using, 12–13
Employees: communicating information to, 122–124, 139–140; critical, management of, 195–199; involved in decision making, 149, 151–152; measuring attitudes of, 194; measuring performance of, 127–137; moving internally in company, 199–203; person descriptions for, 189–193; recruiting former, 177–178; as responsible for career development, 167, 206–208, 231–232; viewing change as natural, 292–293. See also Human capital; Talent
Employer brands: communicating, 170–171; developing, 165–169
Employment contracts: as basis of employer brands, 165–169; as change enablers for organizations, 169; commitment-to-develop stated in, 158, 167–169; employment strategies stated in, 157–159; rewards and, 159–160, 166–167
Enron, 34, 217, 242–243
Environment: b2change organizations’ view of, 28–32; business, leadership behaviors adjusted to, 215–216, 221–222; external, organizational identity focused on, 291–292
Environmental change, virtuous spiral organizations and, 48–51
Environmental scenarios: in B2Change Model, 26–27; as driving strategizing, 28–32; for Internet providers, 29–31; as providing context for strategy, 56–57. See also Scenario planning
Executive compensation, 182–183
Exxon, 33, 34
ExxonMobil, 286

F
Failure, rewarding, 280–281
Fairchild Electronics, 43
Federal Express (FedEx), 69, 198
Feedback, customer, 91
Fiat, 191
Ford Motor Company, 39–40, 70
Fortune 1000 companies: changing list of, 1–2; employment contracts of, 166–167; with profit-sharing plans, 267
Fraser, Robin, 145–146
Front-back structures, 100–103, 104–105
Fuji, 114
Future, planning for, 295–297. See also Scenario planning

G
Galbraith, Jay, 90
Gates, Bill, 34, 46, 294
Gateway, 45
General Electric (GE), 15; breadth of strategy of, 64; business unit structuring of, 98, 99; change-management capability of, 299; leadership development at, 180, 224–225, 235, 300; ranking system at, 133, 186; reorientation decisions by, 81; risk taking rewarded at, 278; Six Sigma capability of, 42; as virtuous spiral organization, 48
General Mills, 151
General Motors (GM), 65, 76, 286
Globalization, 4
Google, 278–279
Google Lab Aptitude Test (GLAT), 170–171
Gore, Bill, 227
Gore (company), 227–228, 273
Grove, Andy, 37
GTE, 291

H
Hallmark, 191
Hamel, Gary, 38
Handfield-Jones, Helen, 185
Hasbro, 199
Hay Management Consultants, 8–9, 10
Hewlett-Packard (HP), 15, 76–77, 106, 309
Honda, 38
Honeywell, 15–16, 42, 107
Hope, Jeremy, 145–146
Human capital: increasing importance of, 5, 6, 7–8, 153, 179;
need for “mobile,” 169. See also Employees; Talent
Human capital management, 179–212; by creating career opportunities within company, 199–203; of critical work and employees, 195–199; human capital measurement and, 186–195; of layoffs and downsizing, 185–186, 196, 203–206; senior management committed to, 180; of training, 206–211; of turnover, 181–187. See also Recruitment; Selection process
Human capital measurement, 186–195; importance of, 186–187; for managing skills and competencies, 187–188; person descriptions for, 189–193; useful metrics in, 193–195
Human nature, resistance to change as, 12–13
Human resources consulting, change in product offered by, 8–9
Hurd, Mark, 217

I
IBM: intranet HR tools of, 201–202, 233; jam sessions at, 125; leadership development at, 235; MS-DOS licensed to, 46; outsourcing by, 103; responses of, to environmental changes, 48–49, 51; retirement plans at, 259
Identity: at center of B2Change Model, 27, 284; as central to strategizing, 33–34, 57; clarifying, 58–61; as component of strategy, 55, 56; consistency of strategic intent with, 68–69; creating change-friendly, 288–293; defined, 33, 55; honoring, in change efforts, 62–63, 68–69; importance to performance, 34; leadership brand reflecting, 220–221; reward systems and, 251–253; transformation of, 76–77, 83–86, 252–253
Immelt, Jeff, 224, 278, 294–295
In-N-Out Burger, 165
India, call centers in, 18
Information, 119–126; communicating, to employees, 122–124, 139–140; gathering, 119–121; transparency of, 121–122
Information systems: characteristics of good, 125; silo problem with, 120–121
Innovation: budgets supporting, 144, 226; capability for, 39, 41; failure of attempts at, 280–281; by new companies, 14, 106–107; rewards for, 277–280. See also New businesses, developing
Intangibles: increasing importance of, 6–7; measuring and reporting, 140–141
Intel: aggressiveness of, 64; change-friendly budgeting at, 144; change-management capability of, 299; cross-calibration ratings meetings at, 134;
Fairchild Electronics and, 43; new venture business structure used by, 107; strategic shift by, 50; training of existing employees by, 157
InterContinental Hotels, 142, 148
International Paper, 103, 145, 151
International trade, 4
Internet: environmental scenarios for providers of, 29–31; rapid evolution of, 5. See also Intranet systems
Interviews, on individuals’ response to change, 172–173
Intranet systems: individual performance appraisal information on, 136–137; intangibles measured using, 141; job openings posted on, 200–201; leadership assessment using, 233

J
Japan, automobile industry of, 17–18
JCPenney, 2
Jet Blue, 35, 250
Job descriptions, 92–93, 282
Job evaluation, human resources consulting and, 8–9
Job openings: advertising, 170–171; intranet posting of, 200–201; transparency of, 231
Jockey International, 70
Johnson & Johnson (J&J), 98, 108
Joint ventures, 109
Just-in-time training, 208–209

K
Kmart, 2
Knight, Phil, 46
Knowledge: as focus of person descriptions, 190–191; individual ability to develop new, 164; for organizational effectiveness, 5–6
Kodak, 155–156
Kozlowski, Dennis, 217
Krispy Kreme, 7
Kroger, 286

L
L-3 Communications, 98
Lafley, A. G., 226
Lay, Ken, 217
Layoffs, managing, 185–186, 196, 203–206
Leaders, managers vs., 213–215
Leadership brand, 220–223
Leadership development: at all levels of organization, 225–226, 228; selecting candidates for, 228; senior management’s role in, 229–230, 234–235; with shared leadership, 226–228; through job experiences, 228–229; transparency of program for, 230–233. See also Career development; Commitment-to-development
employment strategy;  
Training  
Learning, rewards for, 209–211  
Lessons from the Top (Neff and Citrin), 217  
The Limited, 111–112  
Lincoln Electric, 250  
Listening, in performance appraisals, 131  
Logic: b2change, 20–21; strategic, 65, 80–81  
Loyalty, 166, 167, 208  
Lucent, 32  
Lufthansa, 114

M
Management. See Change management; Human capital management; Senior management  
Managers, leaders vs., 213–215  
March of Dimes, 83–84  
Marriott Corporation, 176–177  
Maslow's hierarchy of needs, 159, 160, 238  
Matrix structures, 99–100  
Mattel, 199  
Mavens, 79  
McKinsey, 137  
Mead Paper, 107  
Measurement: of capabilities, 141–143, 253–254; of competencies, 135–136, 141–143, 253–254; of effectiveness of individual appraisals, 130; human capital, 186–195; of intangibles, 140–141. See also Performance measurement  
Medco, 82  
Merck, 82  
Mergers, 110  
Merit-pay plans, 260–263  
Microsoft, 106; change-management capability of, 299; identity of, 33–34, 289; orchestration by, 66; as virtuous spiral organization, 46–47, 51  
Miller Beer, 64  
Mobility, 169, 208

Montgomery Ward, 2  
Motivation: customer feedback as, for change, 91; impact of goals on, 241–243; information on competitors’ performance as, 122; relationship between job satisfaction and, 243–244; rewards and, 163, 237–239  
Motorola, 39, 42

N
Nabisco, 25–26  
Needs, rewards and, 159, 238  
New businesses, developing: acquisitions for, 110–113, 115–116; alliances for, 113–116; difficulty of, 105–107; joint ventures for, 109; mergers for, 110; new business units for, 107–109, 279–280; by new companies, 14, 106–107. See also Innovation  
New companies: disruptive change and, 14–16; increasing number of, 1–2; new businesses developed by, 14, 106–107; strategic logic and, 65  
Nike, 46, 56  
Nordstrom, 151, 165, 307–308  
Nortel, 32

O
Oracle, 188  
Orchestration: building capability for, 298–303; as element of strategic intent, 65–67; initiation of strategic change by, 78–80; of reorientation, 81–83  
Organization design: with goal of stimulating change, 17–19, 21–22; importance of, 6–8; traditional, stability as goal of, 13–16, 18; view of change and, 3–4. See also Designing process  
Organizational change. See Change  
Organizational culture, 33, 58–59  
Organizational effectiveness:
creating function in, 300–303; knowledge as central to, 5–6; need for dynamic view of, 25; primary contributors to, 27, 28. See also Effectiveness


Organizations: ambidextrous, 106; capabilities of, 38–40; competencies of, 38; context demanding change by, 4–8; measuring performance of, 140–143; traditional, strategizing in, 37. See also Built-to-change (b2change) organizations; New companies

Orvis Company, 131
O’Toole, Jim, 222
Outsourcing, 103–105
Owens Corning, 259
Ownership mentality. See Stock ownership

P
Palmisano, Samuel J., 125
Pay. See Compensation
PECO Energy Corporation, 133
People Express, 57
PepsiCo, 103, 151, 235, 275, 299
Performance (individual): equation on determinants of, 237; job satisfaction and, 243–245; reward systems and, 239–245. See also Performance appraisals

Performance (organizational): bonus-pay plans based on, 264–265, 266, 267; communicating information about, to employees, 122–125; importance of identity to, 34; leadership and, 25; profit-sharing plans and, 268; transparency of information about, of competitors, 122

Performance appraisals, 127–137; career development discussed in, 136; common problems with, 127; eliminating, 127–128; goal setting and, 130–131, 147–148; intranet systems for information from, 136–137; of leadership behaviors, 233–234, 235; listening in, 131; measuring effectiveness of, 130; objective measures used in, 131–132; ratings in, 132–135; rewards discussed in, 136; of senior management, 128–130; skill and competency assessment in, 135–136

Performance management systems, 187–188

Performance measurement, 126–149; budgets used for, 143–146, 248; of business units, 138–140, 248; coordinated system for, 146–149; issues in developing system for, 126; of organizations, 140–143; reward systems and, 247–248; of teams, 137–138. See also Performance appraisals

Performance motivation. See Motivation

Perquisites, 249, 250, 276–277
Person descriptions: developing, 189–193; example of, 192
Person-based pay, 274–276
Planar Systems, 124–125
Prahalad, C. K., 38
PricewaterhouseCoopers, 137
Procter & Gamble (P&G): crucible jobs at, 196–197; high-involvement decision making at, 151; leadership development at, 226; new venture business units used by, 107; outsourcing by, 103; person-based pay at, 275; as virtuous spiral organization, 47
Profit sharing, 267–269
Promotion, merit-pay plans and, 262–263
Proximity: defined, 29; importance of, 284; pursuing, to transition to b2change organization, 293–298
Prudential, 145

R
Ratings, in individual performance appraisals, 132–135
Recruitment: ability to develop skills and knowledge as consideration in, 164; of former employees, 177–178; of individuals who respond favorably to change, 171–175; performance motivation and, 163; stock options used in, 272; willingness to change as consideration in, 160–163. See also Selection process; Talent
Reorientation. See Strategic reorientation
Resistance to change, 12–13, 161–163
Retention: bonus-pay plans and, 263–264; creating opportunities within company to promote, 199–203; of critical employees, 196–197; seniority-based rewards and, 258. See also Turnover
Retirement plans, 259
Risk taking: dealing with failure from, 280–281; rewards for, 277–280
Ritz-Carlton, 151, 176–177
Robustness, of strategic intent, 67–68
Rock, Milton, 8, 10

S
Salespeople, 79
SAP, 188
Sarbanes-Oxley Act, 140
SAS, 137, 189, 211
Satisfaction. See Job satisfaction
Sauer-Danfoss, 96
Scandals, corporate, 217, 242–243
Scenario planning, 293–298. See also Environmental scenarios
Schumpeter, Joseph, 51
Sears, 2
SEI Investments, 96
Selection process: importance of, 185; for leadership development opportunities, 228; performance management system and, 188. See also Recruitment
Senior management: committed to human capital management, 180; leadership development
Seniority: layoffs based on, 205; rewards based on, 167, 257–259
Shared leadership, 216–219; advantages of, 218–219, 235; leadership development with, 226–228; rewards with, 226–227
Siebel Systems, 147–148
Situational leadership, 221
Six Sigma quality capability, 41–42, 193
Skills: ability to develop new, 164; assessing, in individual performance appraisals, 135–136; critical, employees with, 197–198; developing change management, 299–300; as focus of person descriptions, 190–191; managing, 187–188; underestimating, required for jobs, 154
Smallwood, Norm, 141–142
Sony, 38, 106
Southwest Airlines: advertising by, 170; identity of, 33, 55, 289; innovation by, 14; performance of, 35, 57–58; reward system at, 250; strategic intent of, 55; strategy of, 55, 57–58; as virtuous spiral organization, 49
Stability: as goal of traditional organization design, 13–16, 18; individual preference for, 160, 161; reframing identity based on, 290–293
Staff reductions, managing, 185–186, 196, 203–206
Star alliance, 114
Starbucks, 165
Start-ups. See New companies
Steinway, 297–298
Stock options. See Stock ownership
Stock ownership: impact of, 196, 270–272; linked to innovation, 278–279; as support for change, 272–274
Stock price, intangibles’ importance to, 6–7
Strategic adjustments, 9, 20, 75–76, 304–308
Strategic change, as phase of strategizing process, 71, 72, 77–86
Strategic choice, as phase of strategizing process, 71, 72, 75–77
Strategic intent: as component of strategy, 55–56; critical configuration and, 36; defined, 35, 38, 55, 63; determinants of quality of, 67–70; elements of, 63–67; orchestration as element of, 298; reformulation of, with reorientation, 10, 20, 76, 77, 80–83; relationship between competencies and capabilities and, 57–58, 69–70; reward system and, 253–254
Strategic logic, 65, 80–81
Strategic reorientation, 10, 20, 76, 77, 80–83
Strategic review, as phase of strategizing process, 71, 72, 73–75
Strategizing process, 71–86; in B2Change Model, 27, 28, 284–285; in b2change vs. traditional organizations, 37, 70–71; as contributor to organizational effectiveness, 27; defined, 35; diagram of, 72; environmental scenarios as driving, 28–32; features of b2change organizations important for, 86–87; identity as central to, 33–34, 57; as pivotal conversation, 35–37; strategic change phase of, 71, 77–86; strategic choice phase of, 71, 75–77; strategic review phase of, 71, 73–75
Strategy: components of, 55–56; implementing, 37, 76; role of,
in B2Change Model, 56–58; vs. continuous strategizing, 21. See also Strategic intent

Strategy Maps (Kaplan and Norton), 142

Structuring. See Organizational structures

Sun Microsystems, 96

Svenska Handelsbanken, 146

SWOT analysis, 28, 31

Sysco, 112–113

T

Talent, 153–178; acquisitions for obtaining, 175–177; attracting, 164–171; employment strategies and, 154–159; leadership, 219–223; reward strategy and, 159–160, 239. See also Employees; Human capital

Tangible assets, declining importance of, 7

Target, 50, 199

Teams: decision making in, 151; as designed for change, 94–95; measuring performance of, 137–138; structuring work to motivate, 246–247

Teamwork, rewarding, 252

Technology, disruptive, 10

Teerlink, Rich, 230

Telecommunications, 5

Teleworking, 13

Temporary employment, 174–175

Terminating employees, 185–186, 196, 203–206

Thatcher, Margaret, 83

360-degree appraisals, 129–130, 233–234

3M: budgeting at, 144, 226; competencies and capabilities of, 38, 39, 41; identity of, 289

Toyota, 75–76

Toys “R” Us, 43

Training, 206–211; to develop change management skills, 300; just-in-time, 208–209; measuring investment in, 195; responsibility for decisions about, 206–208; rewarding learning and, 209–211. See also Career development; Leadership development

Transformational change, 10–11, 20–21, 76–77, 83–86

Transition to b2change organization, 286–311; adopting strategic adjustment as normal to, 304–308; building orchestration capability to, 298–303; creating change-friendly identity to, 288–293; managing process of, 286–288; pursuing proximity to, 293–298; seeking virtuous spirals to, 308–311

Transparency: of bonus-pay plan, 265, 266–267; in decision making, 150, 152; of individual performance appraisal information, 136–137; of information in organization, 121–122; of leadership development program, 230–233; in reward systems, 240–241

Travel-light employment strategy: employment contracts stating, 158–159; example of company with, 155–156; pros and cons of, 156–157; rewards with, 160

Trust, reward systems and, 240–241

Turnover, 181–187; employer satisfaction and, 184–185; management of, 185–186; measuring, 193–194; reward-satisfaction link and, 181–184

TWA, 82

Tyco, 217

U

Ulrich, Dave, 141–142

Unisys, 11

United Airlines, 35, 58, 114

United Technologies Corporation (UTC), 99, 209–210, 211

University of Southern California (USC), 257

UPS, 69–70
V
Victoria's Secret, 111
Virtual work relationships, 95–97
Virtuous spirals: described, 45–46, 308; environmental change as threat to, 48–51; examples of organizations with, 46–48; model of dynamic, 51–52; seeking, to transition to b2change organization, 308–311

W
W.L. Gore, 227–228, 273
Wal-Mart: competitor for, 50; employee meetings at, 124; growth of, 2, 199; structure and identity of, 89, 289
The War for Talent (Handfield-Jones), 185–186
Washington Mutual, 64
WD-40, 64
Welch, Jack, 81, 133, 186, 278
Whole Foods, 151, 250, 265
Willingness to change, 160–163
WorldCom, 217, 242–243

X
Xerox, 14, 15, 81, 114

Y
Yellow-light leadership, 222