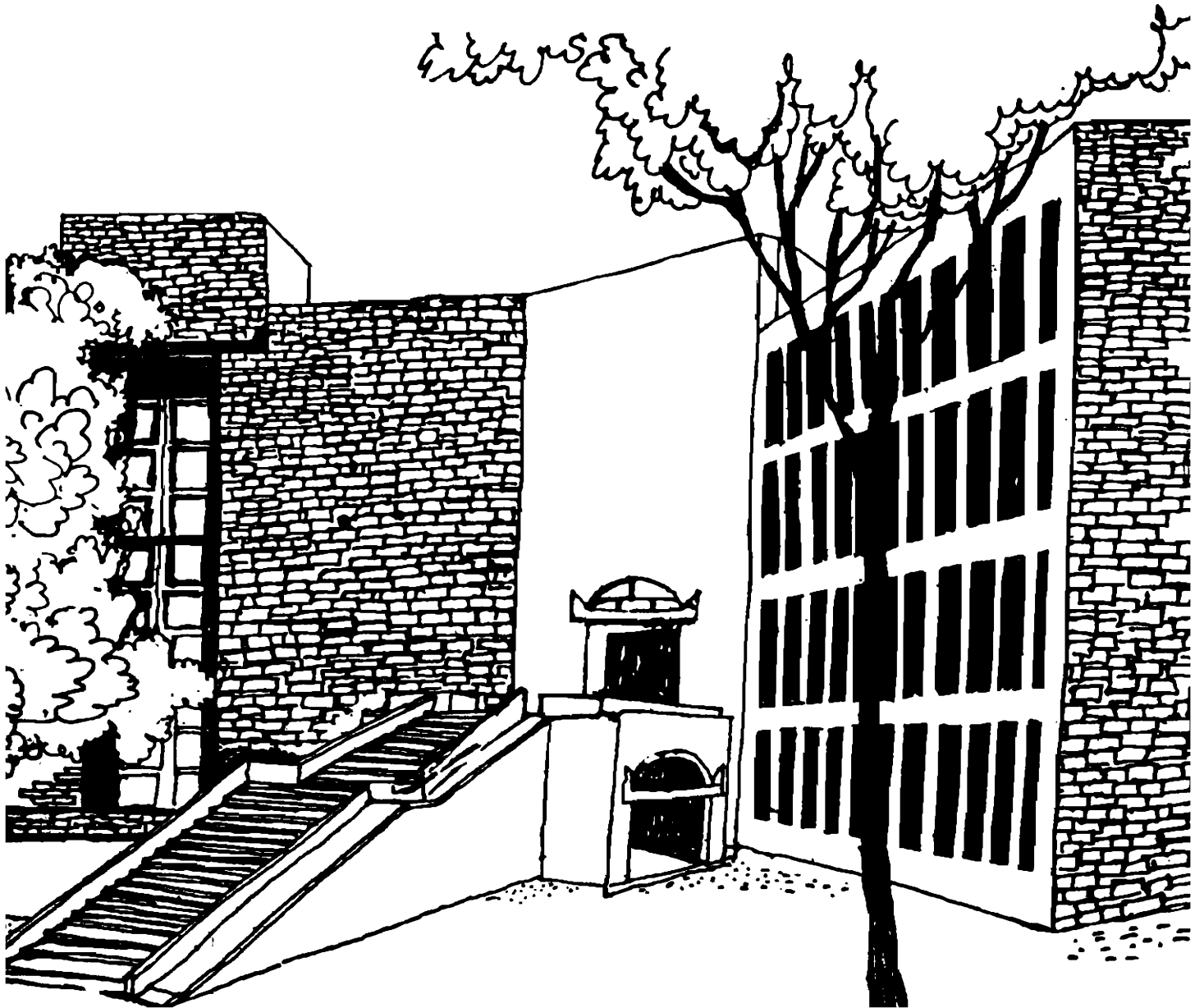




Working Paper



"MCKINSEY" VERSUS "MOVEMENT" CHANGE
MANAGEMENT: KURUKSHETRA OF THE 21ST CENTURY?

By

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“McKinsey” Versus “Movement” Change Management: Kurukshetra of the 21st Century?

Pradip N. Khandwalla

Abstract

The paper contrasts two paradigms of management change that may increasingly compete for management allegiance: the professionalist, analytical, bottomline oriented “McKinsey” mode and the participatory, collectivist, emotive, improvisation-oriented, values-based “movement” mode. Both are relevant for bringing about needed changes in liberalising and globalising emerging markets like India. The “McKinsey” mode is heavily influenced by Western management gurus and international consultants. It emphasises top down strategic repositioning, restructuring and downsizing, profit centres, operating decentralization, MIS and other management systems, “strong” leadership that firmly implements the change strategy, and generally a stronger commercial orientation. Three examples from emerging markets illustrate the operation of this mode of change. The “movement” mode in corporate management emphasises broad-based diagnosis, development and implementation of strategies of change, collective pursuit of “causes” like much better quality, productivity, innovativeness, customer or stakeholder service, environmental friendliness, human development, or social responsibility, and visionary, transformational, participative leadership. Five examples, four from the West and one from India, illustrate the operation of the “movement” mode. The circumstances under which each mode may be particularly acceptable are discussed. Also discussed are implications for management education.

Two great paradigms of the closing third of this century have been the professional management paradigm and the highly organic, participatory, transformational, "movement" management paradigm. I suspect the differences between the two will come to a head in the early part of the 21st century. Hopefully, creative forms of integration may arise out of the dialectical struggles; but the war may be a prolonged one, a war for the minds and hearts of managers, with great forces backing each side `a la Kurukshetra.

The professional management paradigm is not new¹. Four thousand years back the Egyptians recognised the need for planning, organizing and controlling. Division of labour, specialization, use of qualified experts, systems of administration, standardization, clear accountability, role definitions, bounded decentralization, information and reporting system and so forth were spelt out fairly explicitly in the Arthashastra, 2300 years back, by Kautilya. The Arsenal of Venice used fairly sophisticated inventory and cost control systems in the 15th century. Ancient China had its written constitutions and evolved a Mandarin bureaucracy that had many of the features of professional management.

Professional management came to its full flowering in the 20th century, powered by the problems posed by an increasing corporate size and technological complexity as well as by increasing competition in a globalising market place. A coalition of market power and corporate need spawned the professional management industry consisting of management schools and management consultants and trainers. The industry is in full bloom, backed by considerable research in strategic management and in various functional areas. In the eighties professional management invaded the public sector. Reagan and Thatcher both strove mightily to make management in government more business-like². In Britain, for instance, some two-thirds of civil servants now work in "executive agencies" that remain under government ownership, but operate like professionally managed private enterprises, with heads competitively selected, appointed on fixed term contracts, and having a part of remuneration tied to quantified performance. Public accountability is sought to be protected by the framework document that sets out the mandate of the executive agency and the financial and

policy framework within which it is to operate, and the annual plan and annual performance review. In the US, too, Reagan and Clinton have pushed hard “reinventing government”, with emphasis on privatization, contracting out of services, use of the price mechanism to ensure optimal allocation and use of resources, decentralization with quantified accountability for performance, market tests, and so forth. Professionalisation of public sector management has spread to many European countries, and many Commonwealth countries like Australia, Canada, Malaysia, New Zealand, and Singapore³. In India, too, some of the elements of professionalisation utilized by these countries are beginning to sprout in the public sector, such as computerized networks and information systems, autonomy with clear performance accountability, contracting out of services, citizen's charters etc⁴.

The “McKinsey” Paradigm of Restructuring

In liberalizing emerging markets like India, Pakistan, and East Asia, professional management has found a powerful resource for coping with hyper competition: Western international management consultants. These consist of such famed names as Arthur Anderson, BCG (Boston Consulting Group), Arthur D. Little, McKinsey, and J.P. Morgan. In India it has become nearly a fashion for large corporations to be “restructured” with the assistance of one of these. The writings of representatives of these consultants suggest a distinctive paradigm for corporate restructuring in liberalizing and globalizing economies⁵. For convenience I am calling it the McKinsey paradigm, although the international consultants do show some variation in their approaches.

The approach is highly analytical, flowing from the recommended vision for the company, such as to be a global corporation, to core competencies of the organization, choice of businesses to be in and exit from, joint ventures with MNCs, a strategy for competitive advantage, a lean, decentralized structure with clear accountability, with management control exercised through a sophisticated MIS, a downsizing plan, skill development in strategic areas (such as strategic alliances, project evaluation, pricing, trading, and management-government interface), and emphasis on improving value driving processes. All these are to be implemented through a strong leadership style, in which the leader is to take charge, demonstrate commitment to the adopted vision

and consequential actions, counsel and encourage subordinates and delegate to them the authority needed to implement the grand restructuring strategy. There is little talk of participative decision making, mobilization of the rank-and-file through passionate advocacy of a cause, commitment to concern for all the stakeholders and not just the owners, ethics, corporate social responsibility in a developing country context, or passion for anything but the bottomline.

YPF, the Argentinian national oil company offers an example of the approach of international management consultants for restructuring corporations⁶. YPF had made huge losses in the eighties. It was privatised in 1993 and began to operate on the commercial principles emphasised by the consultants. A new executive team took charge. Some initial assessments were made relating to what businesses YPF should be in, what sort of staff was required, the business values YPF should cherish and how these could be institutionalised. Many activities were outsourced so that YPF could concentrate on core competence areas and to cut costs. Non-strategic assets, such as smaller, marginal fields, were disposed off. "Excess" staff was drastically reduced after negotiations with the unions--from 50000 to 6000. The company decided to compete globally (earlier it confined itself mostly to the Argentinian market). In pursuance of its globalization strategy, it made acquisitions in the US. Possibly as a net result of all these actions, the net cash flow (profit before depreciation and provisions) increased from \$ 500 m. before restructuring to \$ 1400 m. after restructuring. But 44000 persons lost their jobs, and a year after restructuring the stock price was 20% lower than at the time of privatization.

A second example is of the on-going restructuring (labelled "transformation project") of ONGC on the advice of McKinsey. As disclosed in management releases, the McKinsey approach seems to consist of the following⁷:

1. Maximise economic value and maximise accretion of oil reserves.
2. Emphasise financial value measures, that is, measures that improve the bottomline.

3. Focus on the financial performance of individual exploration and prospecting (E&P) assets.
4. Emphasise multi-disciplinary teams for better coordination.
5. Integrate data through an MIS.
6. Emplace a comprehensive performance management system covering the various assets and service groups, involving internal performance contracts for delivery of services against cost and other relevant criteria.
7. Decentralise operational responsibility with increased commercial accountability.
8. Redesign key processes in areas of exploration and reservoir management, drilling, materials management, logistics, and human relations.
9. Benchmark services against external service providers and assets management against international best practices.
10. In general, move from a production orientation to a commercial orientation.

A more complete instance of "McKinsey"--type re-design is provided by the Mahindra and Mahindra Group. In an interview in 1996, Keshub Mahindra, the Group's patriarch, outlined the major steps⁸:

1. After liberalization of the Indian economy began in earnest in the early nineties, the Group's top management asked itself two questions: What was the focus of their business, and where did it have the greatest chance of becoming globally competitive. It concluded that they should focus on their two main businesses, automotive and tractors.
2. In line with the focus strategy, M&M divested itself of its highly profitable oil drilling business. It also sold off its business machines business. The new focus was

around the Group's "core competencies," which were surmised at being mainly in manufacturing and joint ventures.

3. In order to get world class, M&M entered into a 50 : 50 joint venture with Ford to produce Ford Escorts and Fiestas in India. In telecom and software, M&M teamed up with British Telecom and other international players. The Group's technology policy was to tie technological collaboration with financial participation by the technology supplier. Indeed, in the Ford joint venture, while production was in M&M plants, the management rested with Ford. This way M&M aimed to pick up Ford's management practices.
4. In order to be globally competitive, M&M planned a stronger thrust on exports and on raising productivity, both alone and through joint ventures. A trading company was on the anvil for speeding up globalization.
5. Once the strategy was clarified, M&M set about restructuring itself. The company was split into 6 divisions, each headed by a president. Each president was responsible for his division's marketing, R&D, finance, and operations. Overseeing the divisions was a corporate body for monitoring each division's performance and the company's performance as a whole. The restructuring exercise was done by the top management--the chairperson, managing director, and deputy managing director--without involving any one else.
6. Each president was given a "thick list" of instructions which spelt out what the president could do and could not do.
7. The job of the managing director changed from operational responsibilities to monitoring, development of long term strategies, HRD strategy, and corporate finance.
8. The Group operated on a five year rolling plan. The chairperson typically asked the presidents to meet him with their figures for the next year and the next three years

after meeting with the managing director and the deputy managing director. The plans were later brought to the board for final approval.

9. In setting targets, full costs, including the effect of inflation, were taken into consideration, as also national growth projections and the company's growth projections. Efficiency targets were also set, such as return on assets, return on investment, etc.
10. Each president reported to top management his division's production daily and overall performance monthly.
11. For major initiatives, like moving into Europe, the relevant president had to get the approval of the MD and DMD.

Movement Management

If the central driving forces of the foregoing professional management change paradigm are a top-down strategic analysis, the seeking of efficient and profitable growth in a competitive environment with enabling structures and systems, and authoritarian implementation, the driving forces of the movement mode are a "cause" to which large numbers of people feel committed, commonly led by a transformational leader or team⁹. The appeal is more to the heart than to the head, to cherished values, a noble mission, or a vision of idealistic excellence. Many movements of the 20th century attest to this driving force—the October Revolution in Russia, the suffragette movements in Britain and the US that facilitated the enfranchisement of what may be the better half of humanity, the Gandhi-led freedom movement in India, the Bhoodan and Swadhyay movements in India, and movements for social change and/or national emancipation in other parts of the world. This is not to glorify movements—sometimes they do degenerate into cut-throat politics, or following Michel's "law", turn into centralized oligarchies¹⁰. But at their best they do have a prolonged impassioned and idealistic phase. Movement management often seems to exhibit some additional traits:

1. Intensive communication, often direct and back and forth between the leadership and the rank-and-file. There is much voicing and participation in decision making

and implementation, and much consultation too. There is also much participative sense-making and learning.

2. Commitment of the stakeholders to desired change is personal and strong, and elicits a ready willingness to make sacrifices for accomplishing the desired change.
3. Often there is a powerful coalition of the stakeholders at the apex orchestrating the movement (the “working committee”, the “politbureau”) and many spearhead teams to extend impact.
4. The movement has fairly widespread credibility because, while the aims may be sublime, the means are earthy and anchored in a credible programme of change whose progress can be tangibly seen by the rank-and-file.
5. There is much evidence of resourcefulness, innovation and improvisation because the means for attaining aims are often puny or meagre in relation to the aims or to the opposition to the movement.
6. There is a fairly widely shared feeling of optimism and empowerment in the rank-and-file, as opposed to despondency, fatalism or helplessness.
7. There is a legitimizing ideology that helps participants link collective actions to a larger purpose or world-view.

Corporate Management in the Movement Mode

Although corporate management is usually not congenial soil for idealistic movements, interestingly, during major transition points or rescue from crisis, corporate management may take on several of the attributes of movement management. When required changes are really large, such as going from virtually no quality awareness to acute quality awareness and a “zero-defect” culture, or moving from low customer service orientation to a “customer is king” sort of a culture, or indeed, from a very traditional set up to a highly professional set up, the mode of change often exhibits a sense of shared cause, transformational leadership, extensive participation and

consultation, empowerment, a credible programme, a coalition of stakeholders spearheading the change at the top ("steering committee") with representative, operational level, more sharply focussed teams below it to extend impact, and an organic culture marked by flexibility, improvisation, and innovation. Let me share several case studies.

Recharging Customer Orientation at Sears, Roebuck

Sears Roebuck lost nearly \$ 4 billions in 1992 on sales of \$ 52 billions¹¹. Research showed low customer orientation as one of the causes for the decline. The Sears leadership and an HRD team initiated a movement of revitalisation in which better job attitudes and customer orientation were seen as critically important for turnaround from a life-threatening decline. The steps were:

1. Based on research Sears management developed Total Performance Indicators (TPI) to show how well the company was doing vis-a-vis customers, employees, and investors, and the linkages between employee attitudes, employee retention, customer satisfaction, and the financials. One finding was that job attitudes and attitudes towards company have a definite correlation with customer service. Selection and rewards of managers were tied to TPI.
2. Task forces were formed for futurist thinking vis-a-vis customers, employees, financial performance, innovation, and values.
3. These task forces were asked to define world-class status in their areas, identify blocks to achieving them, and establish indicators for measuring progress.
4. The Customer Task Force reexamined past customer surveys and conducted 80 customer focus groups across the US and videotaped sessions for later analysis. It heard many stories of how Sears failed to meet customers' expectations.
5. Sears management adopted the mission of making Sears a compelling place to shop. It spent \$ 4 b renovating 800 stores and reengineering store operations.

6. Sears management deployed the best people to the stores in evenings and weekends during prime shopping time.
7. Service was revamped to make it more responsive to women and family shoppers.
8. Marketing was refocused from a male image and needs to women and family shoppers. Sears introduced new private label lines of apparel and cosmetics.
9. Move to off-mall specialty stores in small towns was accelerated—over 300 were opened during 1993 to 1995.
10. Sears started Sunday deliveries and several new services including repairing of any brand appliance.
11. Sears accepted all major credit cards rather than only the Sears and Discover credit cards.
12. Sears conducted a touch-tone telephone survey of customers, with a reward of \$ 5 coupon for customers toward next purchase, for answering questions on their shopping experience.
13. Sears eliminated administrative and other non-selling tasks of the sales personnel so that they could focus more on their sales tasks.
14. Management gave authority to sales personnel to make refunds and adjustments to customers up to \$ 25 without approval of their supervisors.

This movement for greater customer satisfaction seemed to have tangible outcomes. Increased customer satisfaction was estimated to yield \$ 200 m. in additional revenues.

Empowerment Movement at Bank of Baroda

Bank of Baroda reportedly had a negative networth of Rs.760 millions in 1989-90 which turned to a positive networth of Rs.1720 millions in 1990-91 under the leadership of Dr.

A.C. Shah¹². Profit in 1991-92 was Rs.950 millions. Dr. Shah launched a staff-friendly movement in what was a conservative, bureaucratic public sector banking establishment. Various steps were taken:

1. The CEO met unions and convinced them that management was genuinely concerned about their well-being. The unions agreed to the computerisation of 300 branches.
2. The CEO had extensive interaction with managers and staff about the nature of problems facing BoB.
3. The CEO's office was opened to everyone and the CEO personally replied to employees' letters.
4. The CEO travelled extensively in India and abroad to BoB branches to develop rapport with employees at all levels. He spent 2 to 3 weeks a month in the field.
5. The families of employees were brought together in functions and were informed about what the company was doing.
6. The training programme was restructured with the help of a former executive of PN Bank to make it more relevant in a liberalising economy.
7. Incentives were offered to staff to bring in new business. Instead of expected 100000 new accounts, they brought in 200000.
8. The CMD went up to the Finance Ministry to defend a GM and 2 DGMs who were booked by CBI for apparently no fault of theirs.
9. BoB increased its contribution to the Employee Welfare Fund that enabled employees to be treated free of cost at the best hospitals. A guest house was acquired near Jaslok Hospital in Mumbai where relatives of patients could stay during treatment.

10. The management cleared the backlog of promotions of 8 to 10 years by speeding up promotions.
11. The management took people into confidence before transferring them. Earlier the practice was one of arbitrary transfers.
12. In formulating corporate policies and plans, officers and unions representatives were invited to join the deliberations.

Ford's Passion for Quality

Ford lost \$ 2 billions in 1980. There were losses also in 1981 and 1982. A major cause was recession in the US auto industry, but Ford hurt also because of a poor image for quality. The troika of Peterson, Caldwell, and Poling led the turn around of Ford¹³. The quality "movement" at Ford is worth noting:

1. Managers were sent to Japan at Ford's best competitors to study their quality assurance systems.
2. Edwards Deming was hired as consultant and the Deming Quality Improvement Program was instituted.
3. Hundreds of ideas were procured from workers and implemented under the Employee Improvement Program.
4. Peterson himself enrolled in a school of high performance driving to get a personal feel of how safe Ford cars felt at high speeds.
5. Ford Code of Excellence in Quality was developed--any worker could stop an assembly line if he detected a quality problem. Supervisors were let off for not meeting production targets if the reason was genuine concern for quality.
6. Vendors were rated on quality and 2500 out of 4500 vendors were eliminated.

7. Taurus, a new car, was benchmarked with the world's best cars on 400 separate automotive features and effort was made to surpass competitors on each feature.
8. Cross-functional teams were created to design new cars.
9. In deciding which plants to close down to save costs, the quality of products coming out of the plant was the main criterion. This was a tremendous incentive to raise quality in the plant.
10. Top managers like Poling practiced management by walking around in the plants.

The quality "movement", along with several other steps Ford took, enabled Ford to effect a major turnaround. Ford earned \$ 2 billions in 1983 and over \$ 5 billions in 1988.

The Abiding Passion for Innovation at 3M, US

3 M (earlier called Minnesota Mining and Manufacturing Company) is one of the most diversified companies in the world. It markets some 60000 different products. Despite its venerable age (nearing hundred) it sees its growth primarily through innovation of new products¹⁴. Its aim is to have in any year 30% of its global sales come from new products introduced by it in the past four years. Another aim is to have at least 500 patents a year (in 1997 it got 578 patents, 11 per week). It is committed to selecting for further development only those product ideas that are innovative, meet a demonstrable human need, and solve a real life problem. It employs several mechanisms to ensure that innovation is a permanent condition of the organization. Some additional innovation-friendly practices are:

1. At any time 30-40 "hot teams" are working on new product ideas.
2. Employees are told that they can use some of their work time on developing ideas not connected with their responsibilities. If any idea requires funding the person can approach the board for funding.

3. Employees are expected to spend 15% of their time on developing products that are not directly related to their routine work. Post-It, a runaway success, was innovated this way.
4. 3 M's mottos are: Make a Little, Sell a Little, and Small Steps. 3 M supports the idea that big things often evolve from small things. 3 M's philosophy is "Failure is not fatal." Failures are treated as learning experiences. Failures are accepted even though 3 M's experience is that there are two failures for every success.
5. 3 M encourages many ideas in the hope that a few will be profitable.
6. Ideas that are potentially capable of generating at least \$ 100 m. business have priority--they are called Pacing Plus. They get priority in technological and other support.
7. Slow growth businesses are spun off so that 3 M itself maintains its growth momentum.
8. Quality and patenting are emphasised to discourage imitation. A lot of money is spent on adding new features to products to make them nearly inimitable. Also, technologies are used that cannot be duplicated easily. To keep some technologies secret, some products are not patented.
9. 3 M makes considerable use of professional recognition for scientific staff, including recognition of teams. 3 M has a Nobel Society, an exclusive club of its high profile innovators.

The Productivity Movement at Lucas, UK

Lucas is a major producer of auto parts, aerospace parts, electrical machinery, etc. In 1985 its sales were £ 1.5 billion. It made a loss in 1981, which galvanised the top management headed by Sir Godfrey Masservy into frenzied brainstorming on how to revitalise this aging, 110 year old giant¹⁵. The executive group held weekend sessions

away from the company during which the men “argued, analysed and reflected their way into the small hours”¹⁶. The realisation dawned that the overall performance of Lucas in most of its major markets had become fundamentally uncompetitive. Low productivity seemed to be one of the major problems at Lucas. Lucas commissioned one Professor Parnaby to do a comparative study of British and Japanese productivities. His conclusions were startling. The Japanese overheads were lower; the ratio of indirect support staff to direct labour for Japan was less than half of that of Britain. The Japanese had much smaller inventories, and the lead time from development to manufacturing was half of that in Britain. Average sales per British employee were only about a third of the Japanese. Lucas therefore launched a multifaceted productivity movement:

1. Under Prof. Parnaby a team of 50 systems and engineering project managers was assembled. These managers acted as consultants to individual companies in the Lucas fold.
2. 35 multidisciplinary task forces were created. They were provided with intensive training in systems engineering. These redesigned factories on the cellular principle of small operating teams. Instead of just production engineers these task forces included marketing, finance, design and personnel managers and trade union representatives. This way a large percentage of technical staff was involved in the redesign task.
3. Lucas spent £ 200 millions during 1980 to 1987 on reorganization and redundancy to reduce excess manpower.
4. Lucas emphasised multi-skilling. It removed the earlier distinction between workers and staff. It annually spent £ 40 m—3% of sales—on training, double the spending 5 years earlier. It opened a £ 1.4 m. open learning centre for training managers.
5. The management asked each division in the Lucas group to draw up a credible Competitive Action Plan to catch up with its best international competitor.

6. Lucas maintained R & D expenditure at 6% of sales despite corporate losses and recession in the industry.

Results: Productivity rose by 40%, manufacturing lead times were cut by 60%, stock levels were halved, indirect labour component was drastically cut, and quality was improved. Lucas earned £ 58 m. in 1985 and £ 95 m. in 1986.

All of the foregoing corporate "movements" were led by professional managers. They did not abandon professional management, but they went well beyond its paradigmatic boundaries. There is very little that is text -bookish about the actions taken, and the content overlap with what we teach in good MBA programmes may be only tiny. Instead, improvisation and management creativity are at full tide, there is extensive participation of the rank-and-file not only in implementing changes but also in defining issues, a genuine passionate commitment at all levels is generated to values like quality, customer service, employee well-being, innovation, and productivity that transcends mere bottomline considerations. There is relatively little dependence on external management consultants; the "movement" is substantially internally led. Although there must be failures of movement management, the successes reported here and elsewhere are large and sustained¹⁷. I have yet to see any impressive evidence for the sustained success of the "McKinsey" mode of change.

Can the "Movement" Mode be Taught?

The elements comprising the "McKinsey" mode are taught in most MBA programmes: there are courses on corporate strategy, structure, process re-engineering, "professional" functional management systems; consciously or unconsciously the ideology of profit and wealth maximization and operating on commercial principles is drilled into the students. But how do they get to learn the "movement" mode: transformational change agency and leadership, ways stakeholders can be mobilised around a "cause," processes of consensual decision making, collective innovation and learning, improvisation skills, and visions of corporate excellence beyond bottom line maximization? Should we not re-examine the assumptions and orientation of our present management education and try and incorporate into it the competencies and concerns of the "movement" paradigm?

Where shall we begin? Learning more about effective social movements can be one knowledge-base for mobilization related competencies¹⁸. Participative corporate transformation, such as during turnarounds, is another knowledge-base¹⁹--how, for example, a loss-making GM in the nineties became strategically decentralized after decades of commitment to decentralization as an article of faith²⁰; or how a bureaucratic, conservative, lack luster, loss making SAIL transformed itself in the middle and late eighties into a dynamic, HRD-powered corporation²¹. The literature on transformational leadership, effective change agency and innovation management is a third knowledge-base to tap²². The numerous case studies of revitalization through organization-wide focus on quality or productivity or customer orientation is yet another useable knowledge-base²³. Organizational learning models and empirical studies and technologies of organizational development and change also are useful resources²⁴, as are models and studies of participative management and industrial democracy²⁵. The pedagogies that may be especially useful in mastering "movement" management may be less the lecture-oriented spoonfeeding types, and more the experiential learning ones like field studies, lab experiments, management games and simulations, participant observation, and other pedagogies of discovery and design. It may be easier to inculcate "movement" management capabilities in those with some change management experience than in rank freshers.

I do not believe that "movement" management is a total alternative to "professional" management. Management students do need to learn the ABCs of strategic management and of various functional managements. But they need to get the message that in real life situations seldom, if ever, what they learn at school is directly applicable; almost always there must be considerable improvisation and adaptation to the context and broad-based acceptance before a professional management tool or technique becomes workable. Besides, there are corporate aims beyond profitability. They need to learn to launch or support wider movements within the organization for lofting efficiency, productivity, quality, customer service, environmental friendliness, safety or whatever. In these, however, context-shaped tools and techniques of professional management could play a supportive role. In the earlier examples of "movement" modes in corporate settings, fairly sophisticated econometric models were constructed at Sears to link customer satisfaction, job satisfaction, and shareholder

value; at Ford, Deming's quality improvement programme was adapted; and at Lucas the cellular organization concept was worked into organizational design.

Concluding Comments

The differences between the "McKinsey" mode and the "movement" mode of change management are sharp. There are process as well as content differences. The "McKinsey" approach is top-down, with the external consultants and the top management assuming all the responsibility for diagnosis, for framing of issues, and for strategic and even most of the operating decisions. Empowerment of employees amounts to providing information and a little more operating decentralization than before (within a tightly controlled policy framework and subject to a tight MIS), but not ability to influence the values and vision of the organization. The "movement" management process is much more organic, more participatory, more open and creative, more idealistic and impassioned, more trial and error learning oriented, more "messy". Both the models attempt culture change, but the "McKinsey" mode operates by imposing commercial values on the staff while the "movement" mode identifies a widely recognized values-evocative deficiency and rallies the staff for removing it through consensual processes. Content-wise also there may be significant differences. The "McKinsey" approach seems to be centered on the concepts of one or the other of Western management gurus like Porter, Prahalad and Hamel. The corporate vision is mostly channelled towards distinctive strategic positioning (Porter²⁶) or core competence based inclusion and exclusion of businesses (Prahalad and Hamel²⁷), concepts whose efficacy is yet mostly at the plausibility level rather than based on hard empirical evidence²⁸. Similarly, the structural and systems changes are preconceived—clear cut accountability for performance, decentralization subject to MIS-based control, greater use of profit centres, use of text-book tools of professional management like performance budgeting and strategic planning. In the "movement" mode the corporate vision is not preconceived. There is a pronounced interaction between the corporate leadership and the corporation's stakeholders and the strategic direction, management style and values, systems and structural changes are more or less outcomes of this interaction. Besides, there is a large element of custom-tailoring of strategy, structure, and management systems in the "movement" mode. As a consequence, the relatively standardized "McKinsey" mode may be prone to imitation and therefore to declining

competitive advantage. The "movement" mode may be more prone to errors of judgement or incompetent implementation. Without strong learning ability it may expose the organization to the risk of failure. I would hazard a lower mean value of success of the "McKinsey" approach but a smaller variance as compared to the "movement" approach. Thus the choice may be between low risk low return "McKinsey" versus high risk high return "movement" management change strategies.

Which of these two change management modes will triumph in India? There are huge holes in the efficacy of systems and structures and operating efficiency in all but a few professionally managed corporations in India. Such undermanaged organizations are likely to gain by adopting the authoritarian "McKinsey" approach, because these gaps can be appreciably bridged by management fiat. Certainly, those corporations whose costs are under a competitive threat because of excess manpower and/or inefficiency—those, for example, that inefficiently produce undifferentiated products or services like cement or steel or grey cloth—may find the "McKinsey" approach particularly alluring. On the other hand, corporations seeking organizational changes that require large doses of collective commitment, such as for securing striking improvements in the quality of the product, or in white collar productivity, or in innovativeness, or in customer service, or in public image for ethics and social responsibility, may opt for the "movement" mode. As we industrialise and globalise, like in the West our industries producing standardised, undifferentiated products will likely give way to lower cost producers in other emerging markets. The defense of the turf in differentiated product industries may be easier, and the "movement" mode may well be more advantageous for this purpose.

From the perspective of quality of life in organizational settings, the "movement" mode offers distinct advantages. It empowers employees and possibly other stakeholders far more than the "McKinsey" mode. There is greater opportunity for design and discovery type creative work. I suspect that the "movement" mode will be found more compatible with a democratising society in which increasing percentages of people have an urge for autonomy, fate control, creative work, and self-actualising and meaning seeking aspirations.

There is another attractive feature of the “movement” mode. The “McKinsey” mode is intensely organization centred, and may lead to huge unemployment in emerging market economies if it turns into an industry-wide or economy-wide phenomenon. The “movement” mode, on the other hand, may quite safely be deployed throughout an industry or economy. It may be much more society-friendly and social-change friendly than the “McKinsey” mode. The organs of the state, associations of industry, corporations, and civil society institutions (NGOs, academic and training institutions) can be coopted into launching wider movements for leap-frogging vis-a-vis productivity, quality, innovativeness, and environmental sustainability. One is reminded of the Stakhanovite Movement of the thirties in the Soviet Union for raising industrial productivity²⁹. Equally relevant were the catch-up-with-the-West productivity and quality movements in Japanese industry orchestrated by the MITI between the mid-fifties and the early seventies, and South Korea’s state coordinated but chaebol executed movements from the mid-sixties to mid-eighties for catching up with Japan also vis-a-vis quality and productivity, both of which in turn were part of the respective country’s exports-led growth strategy³⁰. The more, therefore, “movement” management is practiced by corporates, the more easily larger industrial movements for much higher levels, industry or economy-wide, of productivity, quality, innovativeness, environmental sustainability, etc. could be launched successfully.

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