


# **Implications For The Organizational Change Process And Its Defined Relationship To An Organizational Loss Of Effectiveness (LOE)**

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***It is not the strongest of the  
species that survive, nor the  
most intelligent,  
but the ones most responsive  
to change.***

~Charles Darwin



# Organizational Change Is *Not* New

- Early 19<sup>th</sup> Century--- The Luddite Uprisings
- Middle 19<sup>th</sup> Century--- Origin of the word Sabotage
- Early 20<sup>th</sup> Century--- Yir Yoront Society and Australian Aborigines




# Why Is Change So Hard?

- What is your initial response to the announcement of an organizational change?
- Why is it so difficult to see the advantage of change--i.e. introduction of a new technology or implementation of a new business process or restructure of performance evaluation measures?
- Do individuals fear increased workplace effectiveness? If so, Why?



# Examples: Organizational Change Models

- John Kotter- Leading Change: Why Transformation Efforts Fail.....
- James Collins and Jerry Porras- Building Your Company's Vision
- Jeanie Duck- Managing Change: The Art of Balancing
- Tracy Goss, Richard Pascale, and Anthony Athos- The Reinvention Roller Coaster: *Risking the Present for a Powerful Future*
- Roger Martin- Changing the Mind of the Corporation



## Organizational change initiatives are one of the most significant challenges facing the 21<sup>st</sup> century organization.

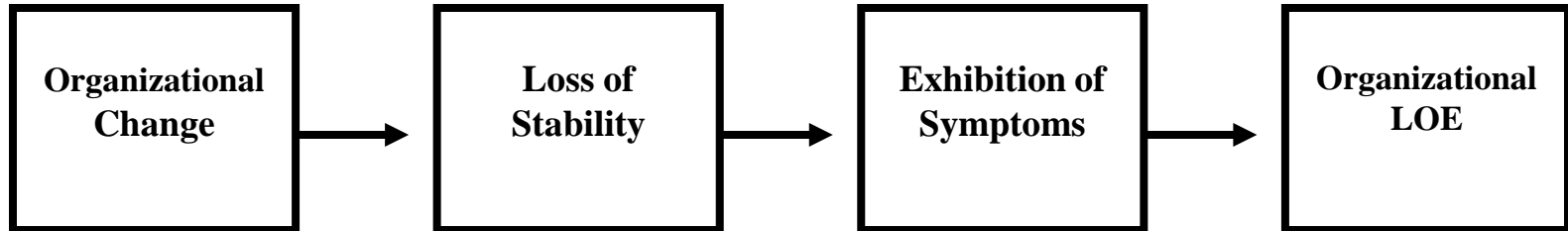
- Industry experts claim that organizational change initiatives continue to experience a failure rate approaching 70%. (IBM, 2008, Raps, 2004, Beer, 2003, Miller, 2002, HBR, 2000, Senge, 1999, Strebel, 1996, Kotter, 1995)
  - Why do so many organizational **Change** initiatives fail?
  - What are **We** missing?
  - What are **We** resisting?

The *Individual* Human Side.....

# Loss of “Leaned On” Object

- Consider: Do you “Lean” on objects?
- An alternate explanation to the “fear of....” or “resistance to....” CHANGE may be that the individual is losing an object they have grown accustomed “leaning on.” Whatever it is that we are gaining may be fantastic from a productivity standpoint....but the end result is unknown....that is the loss.
- Organizational Loss of Effectiveness (LOE)

# Model of the Organizational LOE



Organizational Change causes a loss of stability which results in the development of a predictable and measurable set of symptoms within an organization. When a significant number of these symptoms are present simultaneously, an organizational loss of effectiveness will occur. (Grady, 2005)

The literature that is the foundation of the Organizational LOE includes:

- Rene Spitz, 1945
- D.W. Winnicott, 1951
- John Bowlby, 1969
- James Lynch, 1977
- David Noer, 1989
- Jerry Harvey, 1999

# Individual Symptoms and Behavioral Equivalents in Organizations

<b>Symptoms in the Individual</b>	<b>Organizational Behavior Equivalents</b>
Frustration	Loss of Productivity
Apprehension (Anxiety)	Morale
Rejection Of The Environment	Conflict
Retardation Of Development	Motivation
Withdrawal	Turnover
Refusal To Participate	Absenteeism

# The LOE Index

- The **Loss of Effectiveness (LOE) Index** is an exciting new tool in the change management field. The index focuses on the employee, and how factors inherent in change affect their performance and subsequently have a negative impact the organization. (Grady, 2008)
  
- The **LOE Index** identifies behaviors, perceptions, and attitudes that emerge in organizations as a response to change and that ultimately impact overall effectiveness. (Grady, 2008)
  
- The scale for this instrument will be based on a Likert Scale and is designated as follows:
  - 5 = Strongly Agree
  - 4 = Agree
  - 3 = Undecided
  - 2 = Disagree
  - 1 = Strongly Disagree
  
- **For Example:** My energy level at work has recently been low or slowed down. An answer of 5=Strongly Agree would increase the score.

# Symptom Code Legend

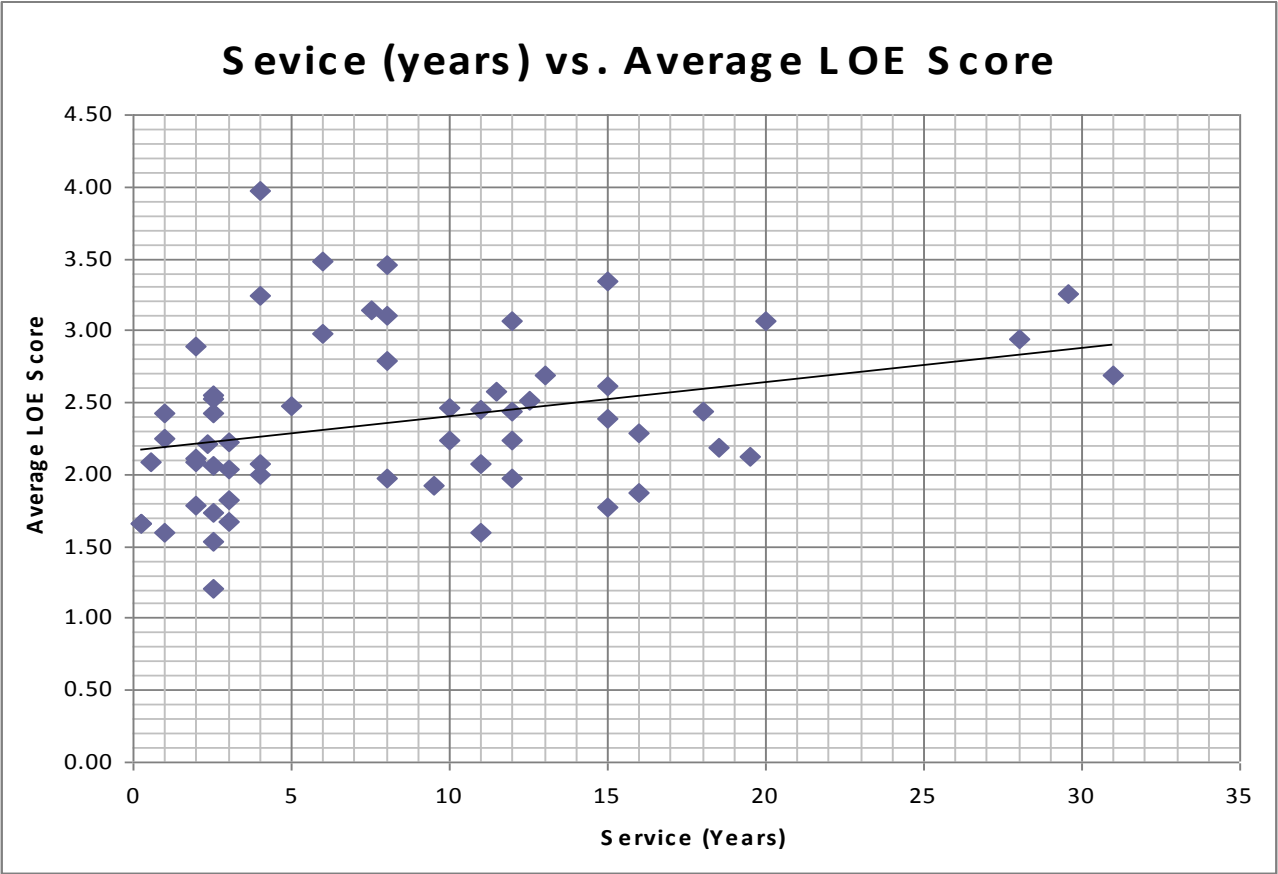
Code	Symptom
G	Global/Overall Change
F	Frustration/Loss of Productivity
A	Anxiety/Morale
D	Retardation of Development/Motivation
P	Refusal to Participate/Absenteeism
W	Withdrawal/Turnover
R	Rejection of the Environment/Conflict

# Sample Data: Federal Gov't Agency

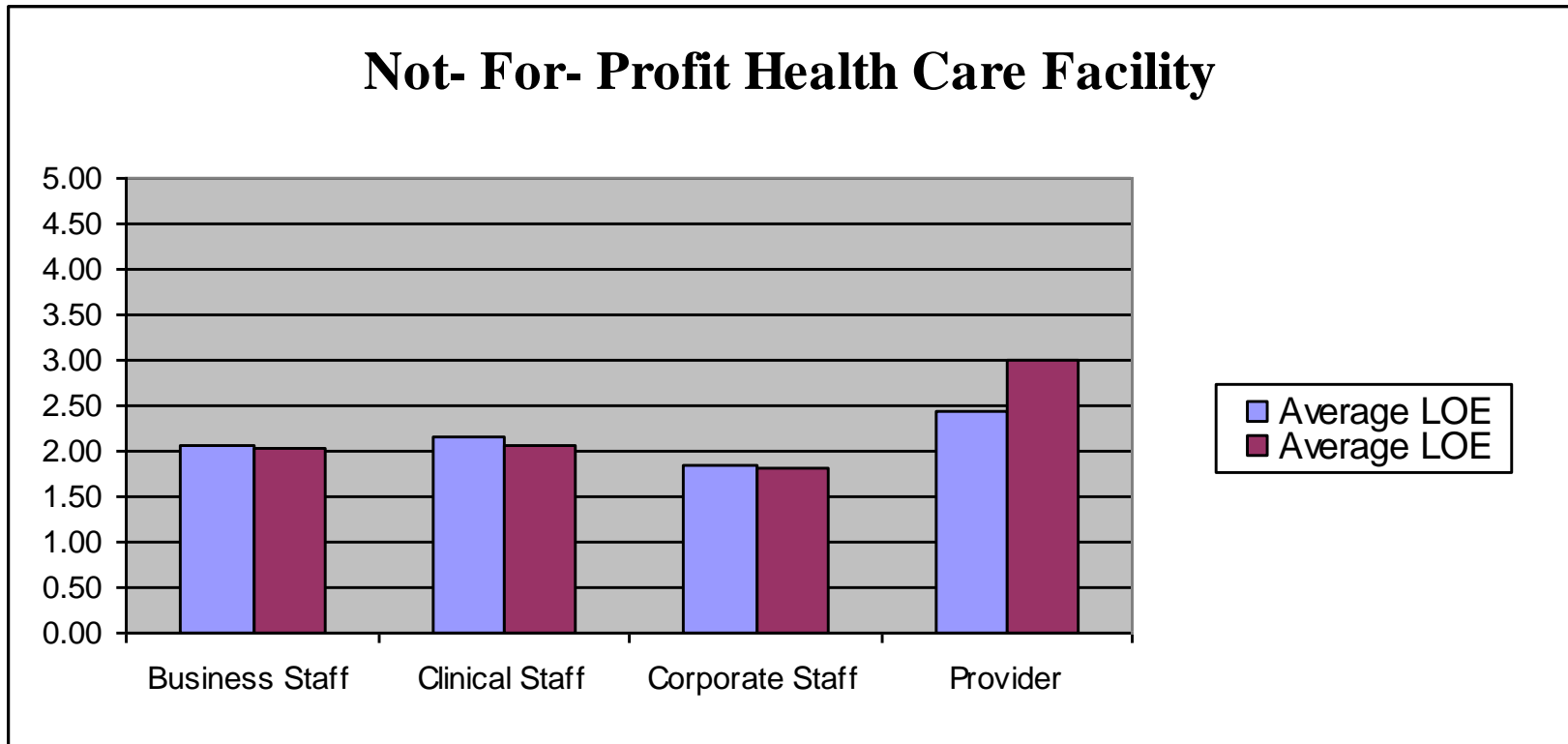
Symptom	Actuary		Audit		Non-Marked	
	Baseline Testing	Second Testing	Baseline Testing	Second Testing	Baseline Testing	Second Testing
<i>Global Assessment (G)</i>	2.49	2.33*	2.62	2.76**	1.86	2.32**
<i>Frustration (F)</i>	2.46	2.43	2.37	2.46	1.67	2.38**
<i>Apprehension/Anxiety (A)</i>	2.77	2.65	3.05	2.99	2.25	2.47**
<i>Retardation of Development (D)</i>	2.08	2.10	2.13	2.15	1.83	1.89
<i>Refusal to Participate (P)</i>	2.24	2.18	2.27	2.36	1.83	2.00**
<i>Withdrawal (W)</i>	2.16	2.14	2.25	2.32	1.57	1.96**
<i>Rejection of Environment (R)</i>	2.37	2.32	2.45	2.51	2.33	2.58**
<b>Average LOE</b>	2.36	2.31	2.45	2.51	1.91	2.23**

*Note:* \* Denotes decreases of over 5% from baseline. \*\* Denotes increases of over 5% from baseline.

# Sample Data: Average LOE Index and Years of Service



# Sample Data: "Not For Profit" Health Care Facility



# Sample Data: For Profit Medical Office

Symptom	Baseline Testing	Second Testing	Third Testing	Fourth Testing
Global Assessment (G)	2.00	2.08	2.19	2.18
Frustration (F)	2.15	2.02	2.24	2.03
Apprehension/Anxiety (A)	2.03	2.24**	2.40**	2.08
Retardation of Development (D)	2.18	1.82*	2.14	2.05
Refusal to Participate (P)	1.89	2.07	2.18**	2.00
Withdrawal (W)	1.69	1.73	1.84	1.78
Rejection of Environment (R)	1.95	2.35**	2.26**	2.37**
<b>Average LOE</b>	1.99	2.04	2.18	2.07

*Note:* \* Denotes decreases of over 10% from baseline. \*\* Denotes increases of over 10% from baseline.




# An Unexpected Finding

- Due to the large number of government agency employees who completed the assessment, their quantitative and qualitative results were separated between the staff and the managers. Unbeknownst to the researchers, this separation would demonstrate an incredible effect well known in the social sciences, The Hawthorne Effect.



# Benefits of the LOE Index

- Provides a quantitative methodology to proactively design the implementation process for organizational change initiatives.
- Provides the organizational decision team with periodic collective reports detailing that are necessary to avoid a Loss of Effectiveness (LOE).
- Provides management with decision making information related to unacceptable consequences of change:
  - decreased productivity, morale, motivation, and
  - increased conflict, absenteeism, and turnover.
- Provides individuals with personal insight into easing the transformation.
- Provides a “new language” for everyone to discuss how to adapt to change.



# Conclusion: Why Is This Important?

- Unique Contribution
- Collective Report
- Organizational “Change” Health
- Intermittent Assessment
- Results Provide Customer Specific Information



***If you want to make enemies,  
try to change something***

~Woodrow Wilson

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