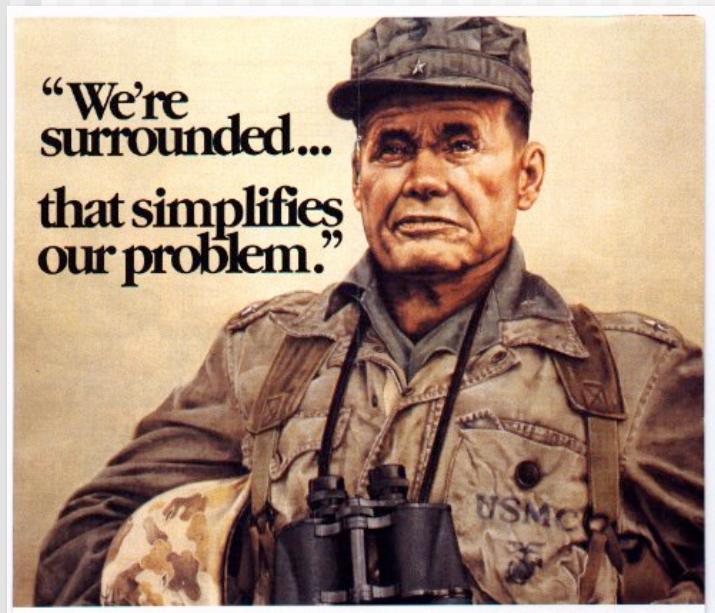


***"WE'RE SURROUNDED.
THAT SIMPLIFIES OUR PROBLEM.
NOW WE CAN SHOOT IN EVERY DIRECTION"***



*—General Chesty Puller
USMC Commandant*

*Shouted out as his contingent of 22 marines
held off an attacking Chinese battalion
of 300 at the Chosin Reservoir.*

*Chesty earned more awards than any Marine
in history: five Navy Crosses, the
Distinguished Service Cross, the Silver Star,
two Legions of Merit, two Bronze Stars, the Air
Medal, the Purple Heart and the
Congressional Medal of Honor.*

***RISKING FOR GREATNESS:
CREATING & CONTROLLING THE CHAOS OF CHANGE***

WE ARE SEEING THE RISE OF A NEW CIVILIZATION THAT CHALLENGES ALL OF OUR OLD ASSUMPTIONS. OLD WAYS OF THINKING, OLD FORMULAS, OLD DOGMAS AND IDEOLOGIES, NO MATTER HOW CHERISHED OR HOW USEFUL IN THE PAST, NO LONGER FIT THE FACTS. YESTERDAY'S CONVENTIONAL CUBBYHOLE DOES NOT FIT THE EMBRYONIC WORLD OF TOMORROW. THERE IS ROOM FOR LONG RANGE OPTIMISM EVEN THOUGH THE TRANSITIONAL YEARS IMMEDIATELY AHEAD ARE LIKELY TO BE STORMY AND CRISIS RIDDEN.

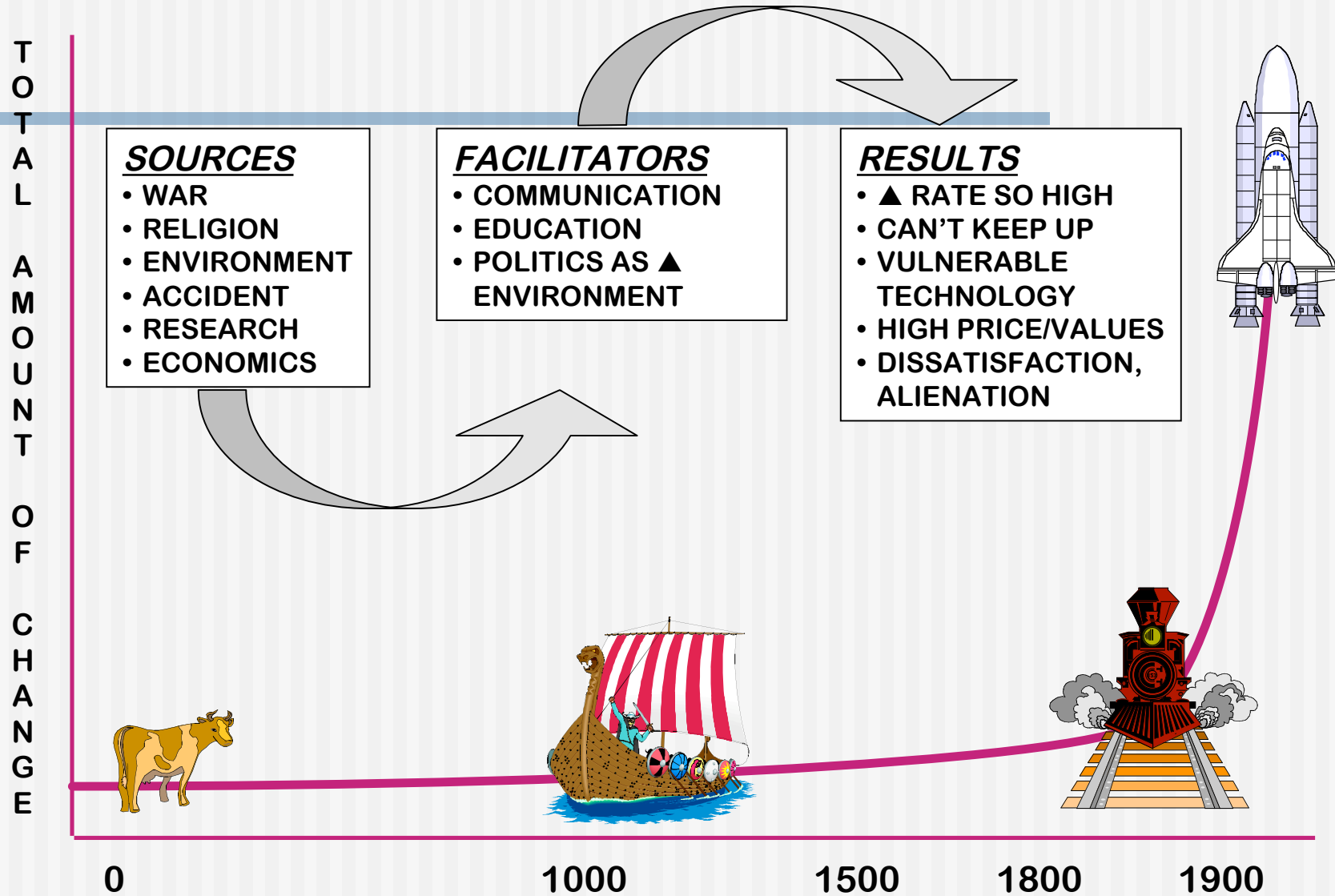
—Alvin Toffler



***SEEN ANY
DRUIDS
LATELY?***

CHANGE GOES EXPONENTIAL

ANATOMY OF REVOLUTIONARY CHANGE



KNOWLEDGE AS CHANGE PACER



1. DOUBLING OF KNOWLEDGE

- GENERAL x 2 EVERY 8 YEARS
- MEDICAL x 2 EVERY 5 YEARS
- ELECTRONICS x 2 EVERY 3 YEARS

2. SCIENCE

- 90% SCIENTISTS LIVED SINCE 1900, 50% WORKING NOW
- 50% ALL NATURAL SCIENCE IN 20th CENTURY

3. BOOKS

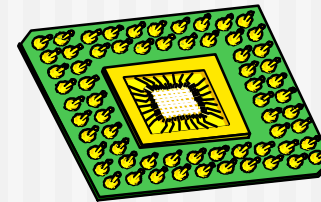
- 50% OF ALL WRITTEN IN LAST 50 YEARS
- 3000 HARDBACK TEXTS PUBLISHED U.S./DAY
- BOOKS/MONTH > HISTORY BEFORE COLUMBUS

4. MEDICINE

- 50% KNOWLEDGE UNKNOWN 50 YEARS AGO
- 90% UNKNOWN 70 YEARS AGO
- LIVE 2 x LONGER THAN 1850, 10" TALLER THAN 1790

10 MOST SIGNIFICANT EVENTS IN LAST 150 YEARS

1. **CHANGE IN WOMEN'S ROLES**
2. **FREUD & RISE OF BEHAVIORAL SCIENCES**
3. **DARWIN'S THEORY**
4. **COMMUNIST RISE & FALL**
5. **FACISM & DICTATORSHIPS**
6. **AUTOMOBILE & AIRPLANE**
7. **ELECTRICITY & ELECTRONICS
COMMUNICATION IMPACT**
8. **END OF SLAVERY**
9. **MONARCHIES/COLONIES END & THIRD WORLD RISE**
10. **CONQUEST OF SPACE**



—*The Economist*, 2001

INVENTORY SCORING

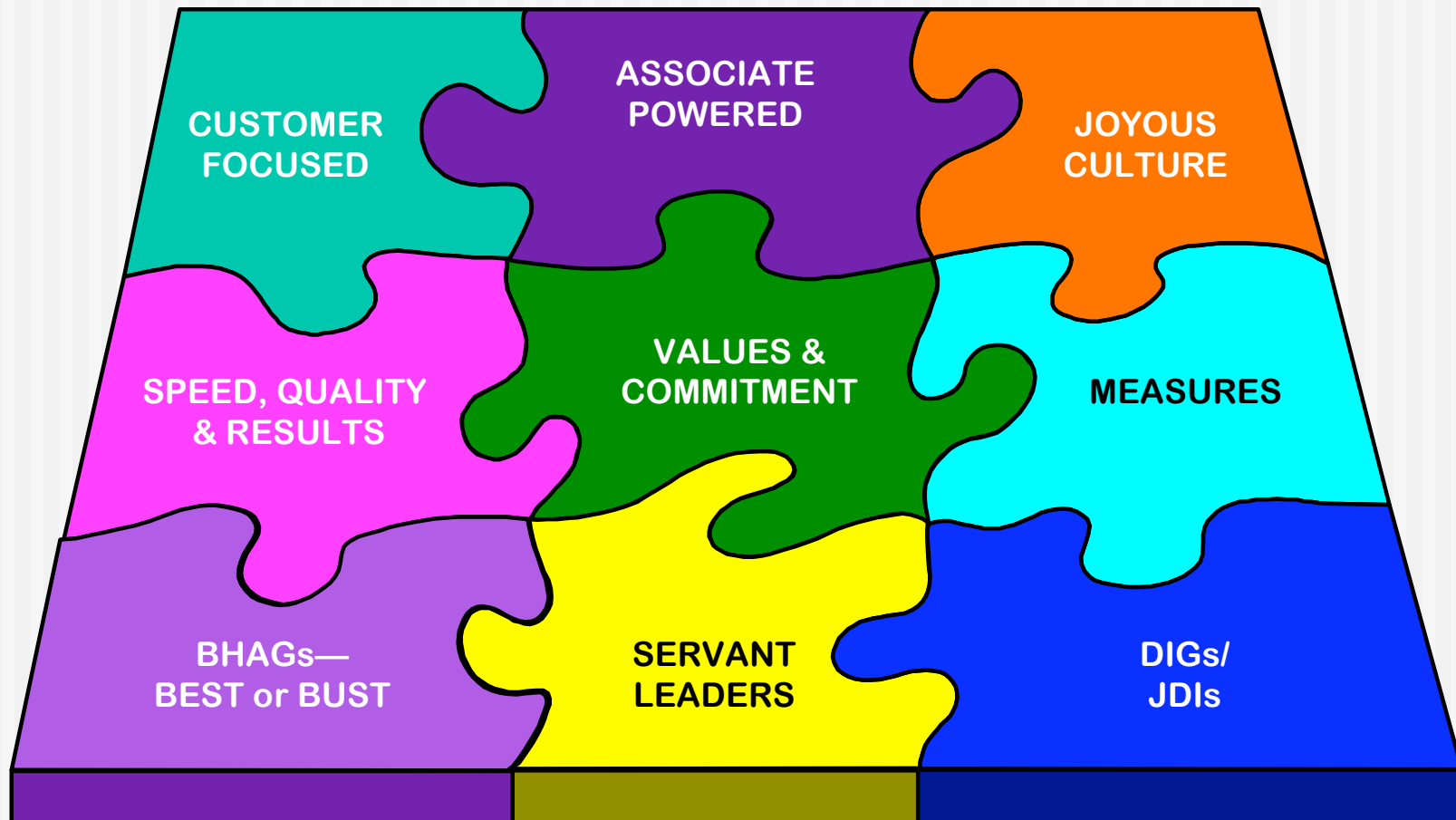
1. **TEAR OFF THE RIGHT FRONT MARGIN**
2. **ADD UP POINTS IN EACH CATEGORY & ENTER TO SCORE COLUMN UNDER "RAW SCORE"**
3. **TOTAL THE CATEGORIES**
4. **RANK ORDER THE CATEGORIES (HIGHEST = 1)
CATEGORIES WITH SAME SCORE GET SAME RANK**

ICM NORMS

I.	UNDERSTANDING CHANGE	4.6	5.5
II.	THE MANAGER'S ROLE	5.6	2.5
III.	ENCOURAGING IDEAS	5.9	1
IV.	CREATING DISSATISFACTION	4.0	7
V.	COMMUNICATION/PARTICIPATION	4.6	5.5
VI.	IMPLEMENTING CHANGE	4.8	4
VII.	OVERCOMING RESISTANCE	3.7	8
VIII.	INFLUENCING/POLITICAL SUPPORT	5.6	2.5
		38.8	

PUTTING THE PUZZLE TOGETHER

***THE ART & SCIENCE OF ASSEMBLING
THE NEW AMERICAN HOSPITAL***



THE CHANGE MANAGEMENT FORMULA

CHANGE = D x M x P > COST

DISSATISFACTION/DESIRE

- SOURCES { INTERNAL — LABOR UNREST, MANAGEMENT, CEO } UNFREEZING
 { EXTERNAL — COMPETITION, GOVERNMENT } LEARNING
 REFREEZING
- CRISIS OR RELEVANT, ACCURATE, POLITICALLY SUPPORTED DATA REQUIRED

MODEL

- **VISION OF NEW WAYS OF THINKING, FEELING, BEHAVING**
- **LACK OF MODEL UNDER PRESSURE → BLAMING EXTERNAL FORCES**
- **SOURCES: NEW EXECUTIVE, STAFF GROUPS, CONSULTANTS WITH MANDATE**

PROCESS

- TOP-DOWN: DECREE, TECHNOLOGY, REPLACE KEY PEOPLE, STRUCTURAL Δ
- BOTTOM-UP: TRAINING, STAFF GROUP, EXPERIMENTAL UNIT
- SHARED RESPONSIBILITY:  COMMUNICATION, TASK FORCES

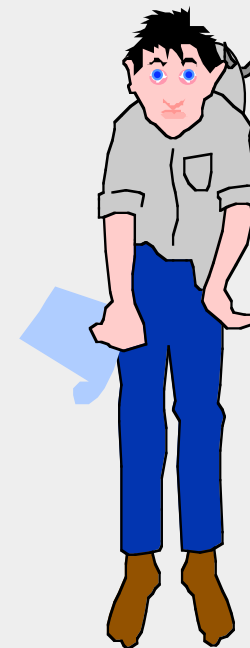
COST

- **LOSSES: COMPETENCE, CONFIDENCE, POWER, RELATIONSHIPS, REWARDS**

MANAGING CHANGE RESISTANCE

LEADING PEOPLE THROUGH THEIR COST

1. REALITY: PERCEPTIONS, FEELINGS VS. FACTS, LOGIC, FORCE
2. LEAD: PERSON CENTERED VS. TASK CENTERED
 - REASONS FOR CHANGE...WHY & LISTEN.
 - REINFORCE ACCEPTANCE & “NEED YOUR HELP”
3. “PLANT THE SEED” WITH INFORMAL GROUP LEADER
4. PARTICIPATION IN PROBLEM ANALYSIS/SOLVING
 - SET THE STAGE...DON'T SPRING CHANGE.
 - CONTRIBUTION—CONTROL & ACHIEVEMENT
 - COMMITMENT THROUGH OWNERSHIP
 - “BOSS” IMPORTANCE
5. OPEN DISCUSSION—SAFETY THROUGH KNOWING
 - PROS AND CONS OF CHANGE—INVOLVEMENT PREDICTABILITY
 - AUTHENTICITY OF RELATIONS = ADULTHOOD = CONFIDENCE



6. RUMOR MILL/COFFEE CUP CLOBBER—PROMPT Δ ANNOUNCE

- IDENTIFY WHEN CHANGES WILL STOP
- IDENTIFY IMPACTS—WHO/WHAT/WHEN/WHERE/WHY & HOW

7. CONFUSION -HOSTILITY

- RAZZLE DAZZLE - REMAINS YOUR Δ
- DIALOGUE/QUESTIONS - IDENTIFICATION WITH Δ
- ALLOW TIME TO ADJUST, ASSIMILATE, APPRECIATE
- ALERT TO STAFF ATTITUDES



8. INDIVIDUAL DIFFERENCES...CAST ASSIGNMENT IN TERMS OF PERSON'S GOALS/VALUES/NEEDS/THREATS

9. MANAGER MATURITY—ACKNOWLEDGE INTERDEPENDENCE

- SENSE OF IMPORTANCE/IDENTIFICATION
- "PSYCHOLOGICAL BANK"—CREDITS DUE

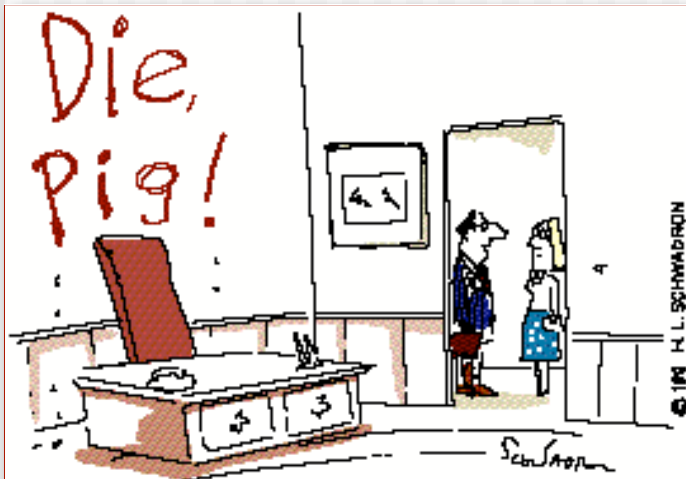
10. "SIGNIFICANT OTHERS"

- APPEAL OF MAJORITY, EXPERTS
- APPEAL OF WHAT OTHERS ARE DOING

VIEWS ON MANAGERIAL CONFLICT

TRADITIONAL

- CAUSED BY TROUBLEMAKERS
- BAD
- SHOULD BE AVOIDED



ANY MESSAGES WHILE I WAS OUT, MS WATERCRESS?

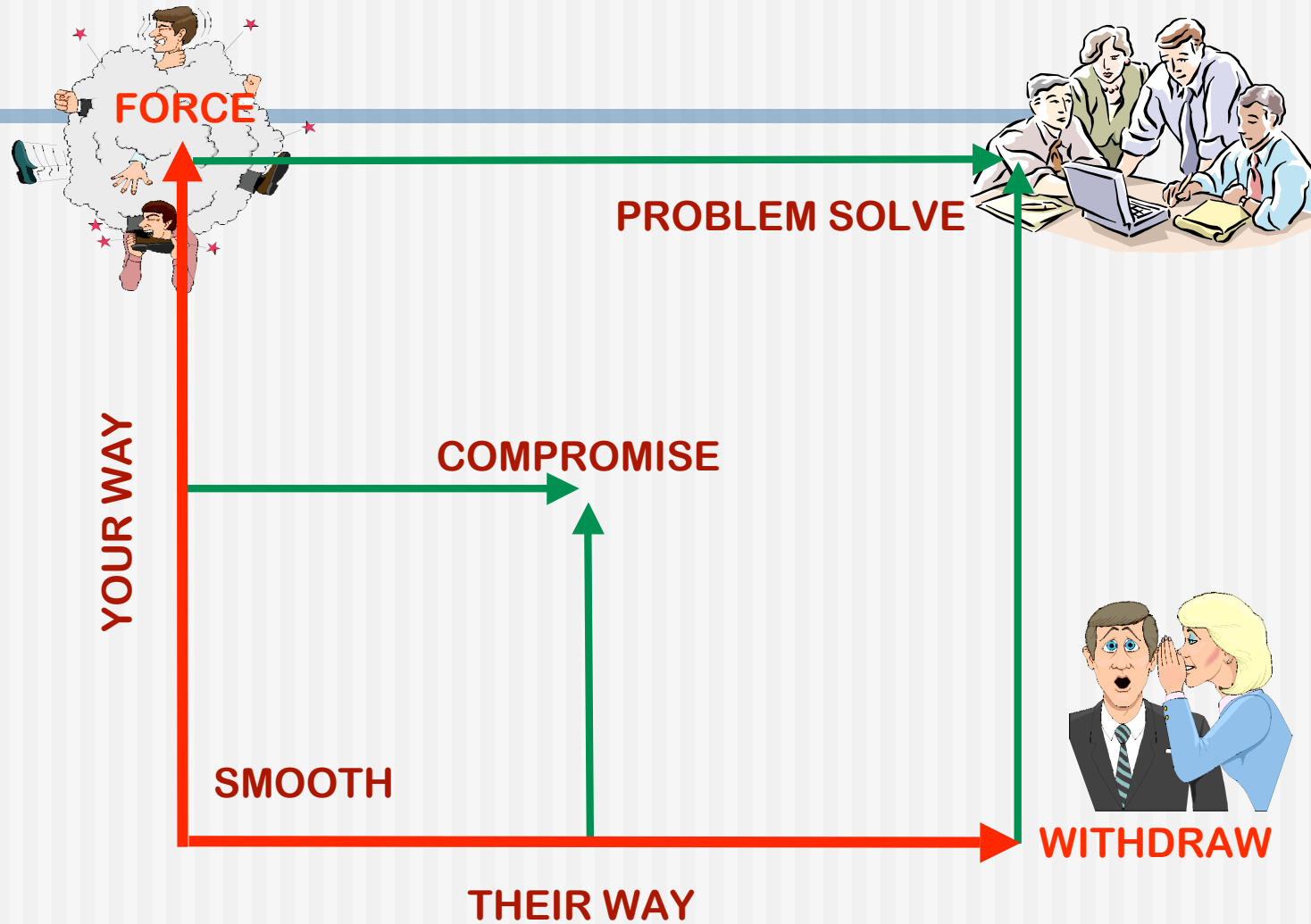
CONTEMPORARY

- NATURAL RESULT OF CHANGE
- INEVITABLE, OFTEN BENEFICIAL
- CAN BE MANAGED

INSTEAD OF CONDEMNING (CONFLICT), WE SHOULD SET IT TO WORK FOR US...IN BUSINESS, WE HAVE TO KNOW WHEN TO ... TRY TO CAPITALIZE (ON IT), WHEN TO SEE WHAT WORK WE CAN MAKE IT DO...(IN THAT LIGHT) IT IS POSSIBLE TO CONCEIVE OF CONFLICT AS NOT NECESSARILY A WASTEFUL OUTBREAK OF INCOMPATIBILITIES BUT A NORMAL PROCESS BY WHICH SOCIALLY VALUABLE DIFFERENCES REGISTER THEMSELVES FOR THE ENRICHMENT OF ALL CONCERNED... CONFLICT AS THE MOMENT OF THE APPEARING AND FOCUSING OF DIFFERENCE MAY BE A SIGN OF HEALTH, A PROPHECY OF PROGRESS.

—Mary Parker Follett, 1926

CONFLICT HANDLING DIRECTIONS



CONFLICT HANDLING APPROACHES

	EFFECTIVE	INEFFECTIVE
1. WITHDRAWING: RETREAT, AVOID, IGNORE, RUN AWAY	0%	9%
2. SMOOTHING: OIL ON WATER, NOT FACING REAL ISSUE	0%	2%
3. COMPROMISING: GIVE & TAKE, MAY OR MAY NOT LIKE RESULT	11%	6%
4. FORCING: WIN/LOSE, LAST CHOICE, LONG RANGE YOU LOSE	25%	79%
5. PROBLEM-SOLVING: FOCUS ON ISSUES, RATIONAL PROCESS, MAY USE OTHER APPROACHES	59%	0%

—Bourke

CREATING & CONTROLLING THE CHAOS OF CHANGE

DISCUSSION TOPICS

1. WHAT BENEFITS & WHAT COSTS HAVE RESULTED FROM TUL. WHAT'S THE RATIO? HAS IT BEEN WORTH IT & WHO'S BENEFITTED?
2. Dx NAH CHANGE PROCESS USING D/M/P. WHAT SHOULD WE DO NOW—A CASE ON THE ORGANIZATION ITSELF. WHAT'S NEEDED TO KEEP CHANGE COOKING?
3. GRAPH BY MONTH SINCE TUL START THE NORMAL WORKLOAD, TUL CHANGES & WORK, & OUR EMOTIONAL ENERGY AS CHANGE AGENTS. WHAT % OF OUR GOAL IS ACCOMPLISHED AT PRESENT: CUSTOMER SERVICE, ASSOCIATE ROLES, MGMT SYSTEM
4. WHERE DO WE HAVE UNRESOLVED CONFLICT, OR CHANGES/DIGs BEING HELD UP BY PAST POOR RELATIONSHIPS & UNRESOLVED CONFLICT? WHAT'S MISSING IN RESOLVING THESE?
5. WINNING ASSOCIATE HEARTS & MINDS—WHAT'S NECESSARY TO GET BUY-IN FROM THE TOTAL WORKFORCE? INTERNAL MARKETING CAMPAIGN, SOCIALIZATION, DIGs
6. NAH GAS TANK “RUNNIN ON EMPTY” HOW CAN MGRS POWER UP SELF, TEAM? HOW GO FOR THE GUSTO IN THIS MARATHON?
7. HOW SHOULD A MGR ACT, TALK DURING THE CHANGEOVER? WHAT HUMAN CONCERNS, FEARS DO ASSOCIATES HAVE THAT LEADERS SHOULD RESPOND TO?
8. DIG ANEMIA Dx/Rx: WHAT TUNING IS NEEDED? HOW CAN DIGs BE MADE MORE EFFECTIVE? WHAT % COULD/SHOULD BE INVOLVED BY END OF FIRST YEAR OF NAH EFFORT? WHAT % IS THE REALISTIC UPPER LIMIT? HOW MANY MORE DIGS WOULD THIS REPRESENT? WAYS TO INCREASE FLOW OF IDEATION TO BENEFIT THE MISSION.

SUPPLEMENTAL

PARADOX IN ORGANIZATION CHANGE

1. POSITIVE CHANGE REQUIRES SIGNIFICANT STABILITY

Rx: MANDATE Δ , VALUES FOCUS, CLEAR STRATEGY, RELATIONSHIPS

2. TO BUILD THE ENTERPRISE, FOCUS ON THE INDIVIDUAL

Rx: HIRE WINNERS, ACCOUNTABILITY, PROMOTE PASSIONATE LEADERS, LEVERAGE WITH TECHNOLOGY, REWARD²

3. FOCUS DIRECTLY ON CULTURE, INDIRECTLY

Rx: MAKE PRODUCTIVE WITH STRENGTH & FIT, CREATE COMPETITIVE CONTEXT, RESHAPE MEASURES, DRIVE IT FROM TOP & BOTTOM

4. TRUE EMPOWERMENT REQUIRES FORCEFUL LEADERSHIP

Rx: STRENGTH IN DECISIONS, REIGNITE MIDDLE MANAGEMENT, CREATIVE CONFLICT & COMMITMENT, EMPOWERMENT ZONES

5. IN ORDER TO BUILD, YOU MUST TEAR DOWN

Rx: CREATIVE DESTRUCTION, BRAIN POWER RELEASE, MANAGERS WHO THINK STRATEGICALLY

—Price Waterhouse, The Paradox Principles

MEGATRENDS

1. INDUSTRIAL SOCIETY > INFORMATION SOCIETY
2. FORCED TECHNOLOGY > HIGH TECH/HIGH TOUCH
3. NATIONAL ECONOMY > WORLD ECONOMY
4. SHORT TERM > LONG TERM
5. CENTRALIZATION > DECENTRALIZATION
6. INSTITUTIONAL HELP > SELF HELP
7. REPRESENTATIVE > PARTICIPATORY DEMOCRACY
8. HIERARCHIES > NETWORKING
9. NORTH > SOUTH
10. EITHER/OR > MULTIPLE OPTION

CONFLICT CAVEATS

1. IT'S A GAME—CARE BUT DON'T CARE THAT MUCH
“NOTHING GIVES A PERSON SO MUCH ADVANTAGE OVER ANOTHER AS TO REMAIN ALWAYS COOL & UNRUFFLED UNDER ALL CIRCUMSTANCES.”
—Thomas Jefferson
1. IT'S AN OPPORTUNITY TO LEARN & BENEFIT
“HAVE YOU LEARNED LESSONS ONLY FROM THOSE WHO AGREED WITH YOU & STOOD ASIDE FOR YOU? HAVE YOU NOT LEARNED GREAT LESSONS FROM THOSE WHO BRACED THEMSELVES AGAINST YOU & DISPUTED THE PASSAGE WITH YOU?”
—Walt Whitman
3. NEVER JUDGE MOTIVES OF ANOTHER; NEVER CAUSE LOSS OF FACE
“I WAS THE VICTIM OF A SERIES OF ACCIDENTS, AS ARE WE ALL.”
—Kurt Vonnegut
4. NEVER LOSE SELF-CONTROL.
“NEVER GET ANGRY. NEVER MAKE A THREAT. REASON WITH PEOPLE.”
—Don Corleone, The Godfather
5. DON'T EXPECT TOTAL VICTORIES (ON THE FIRST TRY).
“POLITICS IS THE ART OF THE POSSIBLE.”
—Lyndon Johnson
6. YOUR SELF ESTEEM DOES NOT DEPEND ON WINNING.
“IT DON'T MATTER HOW MANY TIMES THEY KNOCK YA' DOWN. WHAT COUNTS IS HOW MANY TIMES YA' GET UP.”
—Rocky Marciano

ORGANIZATION APPROACH TO CONFLICT

1. ADOPT/IMPROVE CONFLICT MANAGEMENT SYSTEM/POLICY

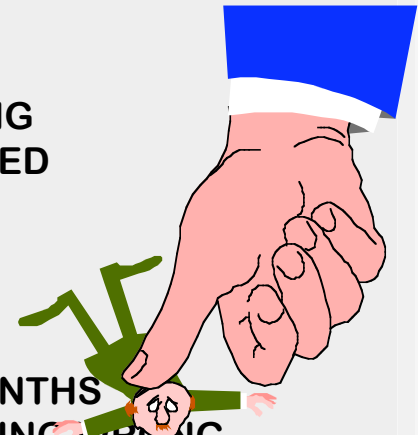
- DESTRUCTIVE BEHAVIORS OFF-LIMITS—TIE TO PERFORMANCE/SALARY RATINGS
- "NO NEGATIVE ENERGY" BACKBITING, GOSSIP MONGERING, CLOSED-DOOR RATING, PUTDOWNS, MOTIVATION ATTRIBUTION, OR ELSE
- PRESSURE LETTING & STEAM VENTING OK—PUNCHING BAGS & Y MEMBERSHIPS
- CONSTRUCTIVE CONFRONTATION: SUPPORT DIFFERENCES OF OPINION, DEBATE, UNPOPULAR THINKING & REBELS PRIOR TO DECISION—SUPPORT TEAM/UNITY POST DECISION

2. ESTABLISH CONSEQUENCES

- PAY: FRIENDSHIP ROUNDS/DINNERS, SUCCESSFUL NEGOTIATING
- NOTE TO BOTH MANAGERS FILES IF EXECUTIVE REVIEW REQUIRED

3. MORE THAN ONE CONFLICT/YEAR REQUIRES:

- ASSIGNED CONFLICT MANAGEMENT READING/COURSE STUDY
- TRANSFER OF STAFF/MGRS BETWEEN UNITS FOR 2 WEEKS-6 MONTHS
- WALK IN THEIR MOCASSINS—FIND OUT WHAT YOUR PEOPLE DOING WRONG
- ABSENCE OF MANAGERIAL MATURITY & TEAM GROUNDS FOR DISMISSAL



4. INVENT OPTIONS FOR MUTUAL GAIN

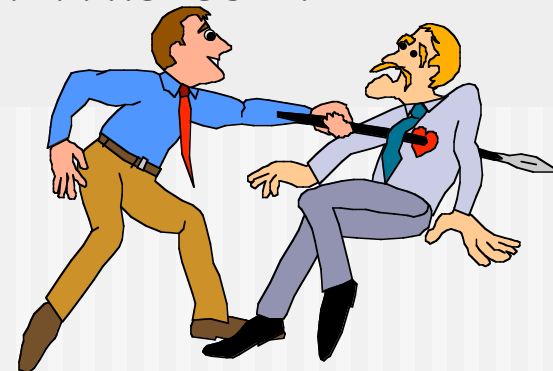
- SEPARATE INVENTING FROM DECIDING (CREATIVE VS CRITICAL THINKING)
- PRE-BRAINSTORMING: PURPOSE, 5-8 PEOPLE, INFORMAL, FACILITATOR
- BRAINSTORMING: SIDE-BY-SIDE, NO-CRITICISM RULE, LONG CHART LISTS
- POST SESSION: STAR MOST PROMISING, CLARIFY, IMPROVE, DECIDE
- LOOK FOR SHARED INTERESTS—GO FOR “WIN-WIN”, NOT COMPROMISE

5. SET REASONABLE DEADLINE FOR RESOLUTION

- 1 WEEK FOR OPS, 1 MONTH FOR POLICY. IF NOT RESOLVED, GO TO:
- KAMPAI SESSION
- MEDIATION BY DISINTERESTED 3RD PARTY OR GROUP OF PEERS
- EXECUTIVE REVIEW (EXECUTIVES PROVIDE ASSISTANCE PRIOR TO THIS STEP ENDORSING SYSTEM & SETTING TIME LIMITS)
- SOME SYSTEMS: NOTES IN FILE, MANAGERIAL DISCIPLINE OR TERMINATION

6. OBJECTIVE CRITERIA AS DECISION BASIS, NOT FORCE OF WILL

- GOAL: WISE AGREEMENTS, AMICABLY & EFFICIENTLY PRODUCED.
- SET FAIR STANDARDS AND PROCEDURES
- “COME, LET US REASON TOGETHER”



MEDIATING CONFLICT

1. TALK WITH COMBATANTS ONE-ON-ONE

- VENTING
 - FACT-FINDING
-

2. ESTABLISH MEDIATION CONFERENCE ENVIRONMENT

- LOCATION, TIMING
- GROUND RULES, AGENDA

3. STRESS IMPORTANT VALUES

- REDUCE CONFLICT > PEACE
- ORGANIZATION PRODUCTIVITY NEEDS
- IMPORTANCE OF THEIR CONTRIBUTION
- CONFLICT “OK” > SOLUTION

4. PARTICIPANTS GIVE VIEWS > REACH AGREEMENT AS TO ISSUES

5. ASK THEM FOR SUGGESTIONS TO RESOLVE CONFLICT

- DON'T VOLUNTEER SUGGESTIONS UNLESS NEEDED
- REACH AGREEMENT ON PLAN OF ACTION