ORGANIZATIONAL DEVELOPMENT AND CHANGE AT SIEMENS NIXDORF

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ABSTRACT

Siemens Nixdorf is the result of the merger of two large German technology organizations in the early 1990s. Siemens Nixdorf, unlike many other corporate mergers, realized the need for an organizational change initiative to help transform the operational environment. Knowledge is a commodity with a very short and unstable shelf life, which is why it is imperative that organizations promote constant and continual learning by their employees and the sharing of that knowledge across the boundaries within the organization. Siemens Nixdorf exemplifies the definition of a learning organization by integrating the change agent program with their other internal learning programs. Siemens Nixdorf utilized a holistic change program to address the problems within the organization, thus helping to add to their idea of intermittent and continual change instead of the more common wholesale change for the entire organization at one time and then nothing.

Organizational Development and Change

Siemens Nixdorf is the result of the merger of two large German technology organizations in the early 1990s. Siemens Nixdorf, unlike many other corporate mergers, realized the need for an organizational change initiative to help transform the operational environment, culture, and structure to compete in the fast-paced technology environment. Siemens Nixdorf undertook a multi-year program to introduce and accomplish the needed organizational change by communicating with the employees and enhancing the organizational knowledge by implementing a change agent-training program.

The following definition is put forth as a part of our discussion:

Leadership is the capability to create a vision and communicate that vision to others to share in making that vision a reality.

- Leadership is dynamic
- Leadership is not a function of level or position

Furthermore, leaders have certain fundamental beliefs and attributes:

- Leaders believe that honest and ethical behaviors are foundational values of true leadership.
- Leaders use holistic thinking, communications, and accountability as the fundamental attributes of leadership (Prewitt, Weil, & McClure, 2011, p. 13).

Leadership is the ability to influence others by setting and inspiring example. The example is one that motivates people to pursue goals that benefit the organization. Typically, leadership involves creating a vision of the organization future, devising a strategy for achieving that vision, and communicating that vision to all members of the organization. When the vision is communicated, the leader must ensure the vision is clear so that everyone within the organization understand it. Global leadership also entails providing an atmosphere that will encourage and stimulate people to surmount obstacles (Kouzes & Posner, 1995).

Literature Review

Many organizations in the current business environment utilize their ability to "create, share manage, and recreate organizational knowledge" to expand their market share and add profit to the organization (Treleaven & Sykes, 2005, p. 354). The ability to share institutional knowledge across organizational boundaries through a social process allows the organization to increase the organizational abilities within the industrial segment. The loss of this much-needed organizational knowledge is a major detriment to the organization and is the unattended consequence of organizational change efforts (Treleaven & Sykes).

When an organization undergoes a change effort, there is a distinct possibility that some forms of institutional knowledge will be lost through the organizational development process (Treleaven & Sykes, 2005). The loss of organizational knowledge is due to the breakdown and changes of the organizational social network within the organization. This loss is not permanent and will create new organizational knowledge as new social networks are created within the organization. The loss of organizational knowledge is characterized by the loss of "tacit and heuristic knowledge" and the acquisition of "corporate managerialism instituting more abstract knowledge in order to generalize policies and procedures" (Treleaven & Sykes, 2005, p. 366).

The urgent concern for any manager during the organizational development change process is to make certain that the most valued knowledge held within the organization is not lost (Treleaven & Sykes, 2005). The challenge to management is to account for the major sources of institutional knowledge and ensure that the social networks that lead to that knowledge are not altered during the change process.

Organizations go through many changes throughout their life cycle that assists to shape the culture of the organization. These changes can be from start-up through the maturity cycle or the changes can occur because of the sale or acquisition of other businesses or the merger of two businesses. According to Gray (2005), organizational leaders must be cognizant of the layers of social networks within the organization and utilize those same social networks to cause a cascade of information that leads to a tipping point for change.

Many corporate managers believe that people are reticent to change, thus the managers are skeptical about change and tend to micromanage the efforts (Gray, 2005). The reality of change effort failure is due to the lack of information given out by the corporate managers. This lack of information leads the employees to not participate in the change effort because of the fear of the unknown (Gray). By communicating with the employees about the need for change and the effect of the organizational development and change process on the employees and the company, the leader allows the employees to become a part of the change process by demonstrating that each of them is an integral part of the organization (Gray).

Gray (2005) also suggests that corporate managers which attempt to show employees the need for change by only referencing profit and loss statements often fail in their efforts. Only by giving the employees' alternatives that are realistic and viable can the leader reframe the ideas found in the profit and loss statements in ways that are understood to the various members within the organization. When the organization reaches the tipping point for change, the utilization of teams can help undercut the politics endemic within all organizations and help to increase the understanding of the organizational development and change processes among the employees leading to a successful change effort (Gray). By using the idea of a tipping point, an organization can use inside and outside change agents to facilitate an organizational development and change effort that is appropriately managed and focuses the scarce organizational resources on the areas that will make the greatest impact (Gray).

Many models of organizational development unconditionally assume that change can be stopped and started almost at will. These assumptions presuppose that it is possible to conclude how to realistically establish and execute an organizational change that leads to a programmed future position (Marshak, 2004). According to Marshak "our current concepts of change are limited by powerful implicit assumptions about the fundamental nature of change" (Marshak, p. 12). The assumptions about change link the process of change to a linier idea that requires organizations to be permanent and stable entities and limit our understanding of a holistic system change (Marshak).

Marshak (2004) suggests the term morphing be used instead of the more traditional term change. The use of the word morphing suggests a continual process of change in an organizations products, capabilities, operational abilities, and services, instead of a process that can be started or stopped at the will of the corporate managers (Marshak). By using the concept of morphing, allows the corporate managers to facilitate the transition of an organization to one of flexibility and fluidity that is able to meet the demands of the business environment and the needs of their customers. The concept of organizational morphing is seen in the rapidly expanding and fast moving technology industry, where organizations must morph themselves into new organizations with little warning and in a relatively short period of time.

The ability to thin about organizations in the context of holistic systems morphing is coming from the sciences of chaos theory and quantum physics, among others. These sciences allow the change agents and organizational development practitioners to view organizational dynamics in vastly divergent ways from those of stability and punctuated change being currently used (Marshak, 2004). Using these sciences to see new frontiers for organizations will allow the unremitting and all-inclusive changes to occur that will permit organizations to compete effectively in the twenty-first century business environment.

There are so many different forces that are causing change in the organizational environment today. The use of mergers and acquisitions are but two of the many actions that are changing the organization environment. According to Schrader (2004), the most important decisions that can be made in relation to an organizational development and change issue within any organization is the assessment of the needed change and the type of information used in making the assessment.

In Schrader's (2004) assessment model, it is suggested the OD practitioner must first recognize the underlying variables in the organization that is leading to the need for the change intervention. The second step in this model is to identify the "intervening variables that reflect the internal state of health of the organization" (Schraeder, 2004, p. 334). Identifying employees behaviors that have a direct, bottom line impact on the organization are called outcome variables, and are the final step in the assessment model (Schraeder).

Utilizing Schrader's assessment model reinforces the need for, and applicability of, models as constructive tools in the field or organizational development and change. This model is reasonably instinctive and straightforward to communicate to others involved in the change process. By utilizing a simple model, it allows organizational members the opportunity to add input to assessment phase of the change process. The assessment model could be made more useful by adding a feedback loop to the process to help with the factoring in of mutual relationships within the organization going through the change process.

Skepticism amongst employees is on the rise because of the many change efforts that are undertaken in the organizational environment and, most especially, because of the many failed change efforts. Many employees see organizational change as nothing more than another poorly planned effort by the organization to add quick-fix solutions to problems that have plagued the organization for years (Bernerth, 2004). By adding proactive steps to the adoption phase of the change effort, the necessary communication of the change effort will be communicated to the employees and the stakeholders inside and outside the organization (Bernerth).

The ability to create the readiness for change within the organization comes from the change agent's willingness to communicate openly and directly with those affected by the change process (Bernerth, 2004). The clear communications about the change effort will determine the success or failure of the process and will be a "prime determinant of the ultimate success or failure of changing organizational members beliefs, attitudes and intentions" (Bernerth, 2004, p. 41). The honesty of the change agent and the messages usefulness will be judged by the organizational members based on the adequacy of the message content (Bernerth).

The workers ability to see themselves doing the new work required is a key factor to communicating the change agent's message. If the employees do not see themselves as being able to do the work required during the change process or the work after the process is completed, then this lack of ability will create a negative spiral within the organization where the workers see themselves as being incapable of doing the needed work (Bernerth, 2004). To get organizational members to buy into the change process, the change agent must communicate to the members how they fit into the future of the organization and how they are able to help facilitate the change within the organization. Most importantly, the change agent will be able to answer what the outcome will be to help the employee in their job and show the employee how this change process will benefit them as well as the organization (Bernerth).

The process of organizational development and change is, at the core, a learning progression. The individual learns new things and the organization must convert the learning into something that is experienced throughout the combined organization, thus leading to organizational change. Organizational knowledge is made up of both implicit and explicit knowledge manifesting itself in the individual employees and accumulated within their intellect (Rampersad, 2004).

Knowledge is a commodity with a very short and unstable shelf life, which is why it is imperative that organizations promote constant and continual learning by their employees and the sharing of that knowledge across the boundaries within the organization. If an organization is not constantly disseminating the knowledge gained by the workers, then the organization will be unable to effectively compete with its competitors (Rampersad, 2004). Because of this ability to complete, learning within an organization becomes a sound competitive advantage in the marketplace (Rampersad).

Endemic to the learning organization is the ability to manage the knowledge within the organization. It must be well understood where information resides within the organization, along with how the knowledge can be utilized, shared, and how it can be maintained and upgraded to keep current on the latest advancements in the various fields (Rampersad, 2004). The ability of an organization to learn from a previous experience can only be fostered if the organization facilitates the sharing of information amongst employees and their willingness to discuss the experiences and recognize and unravel widespread problems within the organization (Rampersad).

The process of unlearning in an organization is of the same importance as the learning process. Unlearning is the process of organizational development and change within the organization. By changing behaviors and cultures, the process of unlearning creates the desired change in the organization (Rampersad, 2004). Many change process do not result in permanent change because the organization either has not learned the new behaviors or cultures or because the previous behaviors and cultures have not been unlearned. Both go hand-in-hand to create a successful organizational development and change effort.

The concept of employee wellness is one that can assist organizational development consultants and change agents implement more valuable interventions in a timely manner and with lower stress levels for the employees (Madsen, 2003). Workplace wellness is defined as "all programs and interventions available that can assist an employee in improving the emotional, intellectual, physical, spiritual, social dimensions" (Madsen, 2003, p. 47). The failure to investigate and consider wellness issues when there is a change effort underway are the chief stumbling blocks for many organizational development and change efforts and lead to failure for these processes (Madsen).

By helping the organizational employees to eliminate stressors through on-site interventions and courses will assist to eliminate the reticence to change that is frequently a problem in change processes. By offering courses in time management, active listening, and communications classes, the organization can assist to increase the employee's receptivity to change (Madsen, 2003). By understanding the levels of readiness to change within the organization and implementing programs to assist in the facilitating the employees' learning the coping skills taught through the wellness programs, the wellness program may well be the most beneficial link in the successful organization development and change process (Madsen).

Appreciative inquiry is a new, innovative, and fast growing practice in the organizational development field. While most organizational development professions utilize action research in the practices, appreciative inquiry has many similarities and differences from action research (Egan & Lancaster, 2005). The central focus of action research is the identification, understanding, and addressing organizational problems. In essence action research is focused on problem solving (Egan & Lancaster, 2005). Appreciative inquiry, on the other hand, "rejects a problem-solving orientation" (Egan & Lancaster, 2005, p. 29) and focuses on the positives within the organization.

Appreciative inquiry consists of four stages: 1) discovery, 2) dream, 3) design, and 4) destiny (Egan & Lancaster, 2005). Each phase builds upon the previous phase and helps to enhance the positives within the organization. Appreciative inquiry is supposed to alleviate the dreaded resistance to change within the organization because the OD practitioner or change agent is not looking for problems, instead they are looking for positives on which to build and further the organization (Egan & Lancaster, 2005).

Within the dream phase of appreciative inquiry, the employees and change agent work on a shared goal of the organization to help the organization come up with their dream or "a compelling statement of strategic intent in, a vision for what might be, or a powerful purpose" (Egan & Lancaster, 2005, p. 34). This dream allows for the creation of an organization in the design phase that answers what the organization might be in the future by focusing on the positive and allowing the dream to flourish (Egan & Lancaster). The final step or destiny is a step where the processes are open and allow for the empowerment of employees as well as focusing on the ongoing positive changes within the organization (Egan & Lancaster).

Discussion

Siemens Nixdorf committed themselves to the idea of implementing a strategy of organizational learning by implementing a change agent program internally, instead of sending their change agents out for the necessary training. By bringing the change agent program training program into the organization, Siemens Nixdorf was focusing on the explicit and implicit knowledge brought by the trainers and the employees attending the class and the knowledge brought to the combined organization because of the merger (Rampersad, 2004). By teaching the change agent program the structure of the knowledge within the organization is ordered so it will inspire an interconnected learning environment, effectual team work, optimistic thinking and self-confidence among the learners (Rampersad, 2004).

Siemens Nixdorf exemplifies the definition of a learning organization by integrating the change agent program with their other internal learning programs. A learning organization is defined as an organization that has the "ability to learn and facilitate all facets of the learning process and thus continually transform themselves" (Rampersad, 2004, p. 45). This ability to learn is exemplified in the program schedule, which includes learning over the entire eight-quarter change process. The learning process also included the implicit idea of unlearning. Only by unlearning the previous habits and skills can the organization successfully transform itself via the change agent program.

The idea of organizational learning was also applied to the change agent program itself. This commitment to learning and change is shown by the changes made the change agent program. By changing the program, it was made more efficient and Siemens Nixdorf demonstrated leadership by allowing the participants to design the final phase of the program instead of relying on the consultants that seemed to be more in charge of the program than Siemens Nixdorf.

The loss of organizational knowledge is common during the change process and this leads to an ineffective change process (Treleaven & Sykes, 2005). Change energetically created by the normal daily routines of the organizational employees replicates and restores the organizational knowledge lost in the daily functioning of the organization (Treleaven & Sykes, 2005). Siemens Nixdorf was able to bring together two separate social systems and morph them into one coherent social system that was able to share organizational knowledge across the boundaries within the company, thus leading to the successful change effort detailed in the case study.

By keeping the employees in the loop on the change efforts within Siemens Nixdorf, they were able to reduce the number of employees that left were uninformed and demoralized because of the change effort. Open and honest communications is a key to the organizational change process, as demonstrated within the case study. By using the conferences, meetings and forums, Siemens Nixdorf was able to effectively communicate the new vision of the organization to the employees, thus minimizing the demoralization of the employees.

When the participant's unhappiness grew to the point they took over the design of the program, this constituted the tipping point for Siemens Nixdorf to build a lasting change within the organization. This tipping point became a meme that allowed the employees of Siemens Nixdorf to have a positive story that shows the commitment to organizational change and integration, as well as helping to change the culture of the organization through this action. This created the required "meaning for that change in order to engage those who have a stake in the outcome and allow them to participate in the process" (Gray, 2005, p. 72).

The leaders of Siemens Nixdorf helped to create a tipping point to the desired organizational change by giving the employees a feasible substitute to the present operational format by putting the ideas of where the organization will be after the change in words and stories that the workers could find understanding and establish a relationship. By engaging the entire system and communicating these ideas and the vision of a changed Siemens Nixdorf through the various fairs, meetings, and forums allowed the message to seep throughout the organization, thus leading to the tipping point that allowed organizational change to take hold and transform the organization from two separate companies into one cohesive organization.

When Siemens merged with Nixdorf computers, the combined company was encumbered with a sclerotic organizational structure and a bureaucracy that was unable to function with the needed speed in the fast moving technology market. The change agent program allowed Siemens Nixdorf to morph into a learning organization that was forward looking, innovative and entrepreneurial. Siemens Nixdorf recognized that many of their previous core beliefs were being challenged by the frenzied environment of the technology industry and responded by committing to the organizational change agent program to change their structure and their culture.

Siemens Nixdorf utilized a holistic change program to address the problems within the organization, thus helping to add to their idea of intermittent and continual change instead of the more common wholesale change for the entire organization at one time and then nothing. When the dimensions of both types of change are combined, the organization is able to apply a whole system continuous change program that is ongoing while using an episodic change process to handle problems that occur in areas where the whole system change has not occurred.

By using the combined whole system and episodic change program, what Marshak (2004) calls morphing, the organization can change into one that is fluid and flexible in the form it takes and the practices that are required of a fast moving technology in the twenty-first century. This concept of morphing is well utilized in the change agent program. Siemens Nixdorf changed the program as needed, thus morphing the program, into one that fits the needs of the organization at the moment and moving into the future, not what worked previous. By altering the change agent program itself, the entire organization was affected by the alteration because the organization was able to move forward since the change agent program was also moved internally, thus the reliance on outside consultants was minimized.

Siemens Nixdorf promoted wellness in the workplace by the frequent communication with the employees regarding the change process. This frequent communication and the high involvement of the employees were able to help alleviate the stress that organizational change causes, but also to show the employees that they are an important part of the company (Madsen, 2003). Without these initiatives, Siemens Nixdorf could have expected the employees to become disenchanted or worse with the change process, thus leaving with or not sharing the much-needed organizational knowledge that lead to the successful change process.

Siemens Nixdorf also used a form of appreciative inquiry, in that they appeared in the case study to not focus so much on the problems but on the positives that the organization possess and building upon them to create a new organization. Siemens Nixdorf seemingly used the discovery, dream, design and destiny phases of appreciative inquiry to change not only the culture of the organization, but also the organizational structure and the operating procedures. Siemens Nixdorf utilized the dream phase of appreciative inquiry

effectively. This was shown in allowing the employees to design the content in the final module of the change agent training program and it demonstrated the fact that Siemens Nixdorf wanted to create an innovative and entrepreneurial culture within the organization.

The leadership within Siemens Nixdorf deserves credit for including customer responsiveness as part of their organizational development and change initiative. By focusing on this the organization was able to create niches and specialized focus area that allows for the servicing the customer a top priority and works quickly with the customer with a minimum of problems. By requiring flexibility and agility within the new organizational structure, the leadership of Siemens Nixdorf helped make a focal point the employees' ability to quickly adapt to changes in the marketplace and exploit newly found or created niche markets.

The leadership of Siemens Nixdorf can be considered true leaders instead of just organizational managers because they encouraged and helped to develop an innovative and entrepreneurial culture among the employees. This innovative culture began with the top leadership realizing that modest improvements or modifications in the organization were not acceptable, but the leaders aimed at recreating Siemens Nixdorf as a new technology organization. Within this new organization were new values and a newfound value and satisfaction for the customers.

The leader's greatest challenge in the organizational change process is to encourage employees to overcome their fears of change and the failure that often accompanies organizational change. Siemens Nixdorf championed the change agent program, which helped the employees overcome the fears of change because they were able to become an informed part of the change process.

Conclusion

The effective organization must recognize the business environment is constantly changing and that the organization must change to meet the challenges presented while seizing opportunities to create niche markets that come with the change. The leadership of the organization must recognize that both internal factor and external factors affect the change in the organization.

The leaders of the organization must communicate with the employees to help drive out the endemic fear of change. Without open and honest communication from the organizational leadership, the change effort is more apt to fail. When communications are not frequent, the organization is running the unenviable risk of losing the most precious asset, organization knowledge held by the employees.

The idea of sporadic change is shown to be effective within the context of a continuous change process. The sporadic and episodic change initiatives carried out without a continual change effort is ineffective and short lived. With the business environment being in a constant state of change, organizations must understand and implement constant change processes, as Siemens Nixdorf did through their continual change agent training program.

Implications for Future Research

The Siemens Nixdorf case study lends itself to an in-depth study on the effects organizational knowledge has on the change process. There are many areas that could be further researched. The discrimination of organizational knowledge via the change agent training program could be studied to evaluate the effects on the fear of change in the general employee population. The open communication that was conducted by Siemens Nixdorf seemingly kept the employees informed as to the dreams of the future for the organization. Was this communication effort able to alleviate the fear of change within the organization and how effective was this communication effort in bringing together the two cultures within the organization?

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