

# Management 301 Final Exam

## Chapter 9: Culture/Innovation/Change

Managers must – big 3 things:

1. Develop culture
2. Encourage innovation
3. Manage change

Culture:

- system of shared beliefs/values guiding behavior (internal)
- “the way we do things around here”
- set of signals of what is considered appropriate vs. inappropriate (external)
- thinking and acting
- things that you do, what you're interested in, style

Cultural fit: high impact on people leaving their job; what is you, what is your image

Sub-Cultures: academic (type and level), functional (ex: marketing) – similar to “clicks” in High School

Video: Justin Timberlake and Bud Light Platinum- cultural fit? Yes

Business week March 2013

Lady Gaga and Polaroid- cultural fit? No

Video: Disney Traditions with Mickey – orientation to you, set expectations, shaping behavior

Observed and Core Culture (above/under waterline):

Edgar Schein's Levels of Culture

1. Visible (dress, office, symbols, slogans) – above water line
2. Invisible (expressed values ex: HP way) – mid water line
3. Assumptions (deep beliefs ex: we are a family) – below water line

Core Culture: values or beliefs about right ways to behave

Stories:

- easily remembered and passed on
- instills deeper cultural understanding

video: Wegman's “Best Place to Work”

Rites & Rituals:

- creates connections – people and organizations
- builds morale and engagement
- shared hands on experience

video: Dreamworks; fun, workers encourages to audition for voices, etc.; Shrek Day; bringing people in to talk; serves in place of other benefits

Symbols:

- common understanding of culture
- easy to recognize (you and others)

Heroes:

- shared knowledge of hero stories
  - establish or represent core values
- heroes come from every level of the organization  
ex: CEO Walmart, Walt Disney

Innovation 3 & 1 Know Well and all Illustrations

Innovation: taking a new idea and putting it into practice

video: Nick D'Aloisio - Innovation (17 years old); 2013 sold app to Yahoo - \$30 million; mobile apps to figure out how to tailor large info into mobile; Summly

Three Forms of Organizational Innovation

- process: take an existing thing and making it better
  - 6 sigma
  - lean principles = reduction of waste
  - reduction in cost
  - increased turn around (cycle time - how fast you create something)
  - increase in output
  - better customer satisfaction
- product: brand new products
  - Kindle, iPad (paper books → E readers)
- business model: change everything
  - Blockbuster and Dish: instead of driving to store, other ways to rent
  - Instagram: Kevin Systrom CEO; 2010; scared Facebook, Facebook bought it; excellent example of a business model innovation for Instagram and Facebook
  - video: CEO Kevin Systrom - sold to Facebook

Commercialization: selling innovation

- Post It Notes: cultural phenomenon; 1963 3M corporation (technology); 1974 scientist in choir at church needed to keep spots; need to sell it (called peel and stick) - failed then relaunched and became a multi million \$ product
- video: Terra Cycle CEO Tom Szaky; sustainability and commercialization: create new business model to deal with trash and recycling

Structure Supporting Innovation

- strategy: includes innovation
- structure: supports innovation
- culture: values innovation
- staffing: for creativity innovation

- management: supports innovation

Skunkworks: setting up outside area just to innovate (pilot program) WW2 create things fast

Change: "to make the form, nature, content, future course, etc. of (something) different from what it is or from what it would be if left alone"

Two Types of Change:

1. Transformational

2. Incremental (innovation, process, day-to-day change)

example: Twinkies official shelf life is 25 days

- went bankrupt and bankers union went on strike

- sold brand

- needed transformational approach

video: Lou Gerstner IBM (1911 - Watson Family): IBM main line of business today is services provider; strategy, cost, culture; IBM was Big Blue: giant computers main frame, 80's, struggle in 90's, Lou Gerstner broke it up, walks onto a "Burning Platform" - business going down, changes IBM

Change Leadership and Approaches to Change

Change Drivers:

- confident of ability

- willing to take risks

- seize opportunities

- expect surprise

- make things happen

Status Quo Holders:

- threatened by change

- bothered by uncertainty

- prefer predictability

- support status quo

- wait for things to happen

Change Process: Kurt Lewin model

1. Unfreeze - create a need for change

2. Change - implement and manage the process of change

3. Refreezing - stabilize the change and scan for the future

Pages 222-223; Read Force-Coercion, Rational Persuasion & Share Power & Page 225 - Why People May Resist Change

force-coercion: using position power to create change by decree and formal

authority: legitimacy, rewards, punishments; managerial behavior: direct forcing and unilateral action - political maneuvering and indirect action