



Strategic Tale 1.1 (On cultural change in organisations)

A new kid on the block

José Emilio Navas López

Universidad Complutense de Madrid

Don Miguel had been heading the research department at the company where he worked, and after almost thirty years, it was time for him to retire. It was time to rest. He enjoyed the leaving party his colleagues held for him with the satisfaction of a job well done.

I knew he was a bit of an old-fashioned boss, but he'd worked hard. First, to create the department almost from scratch and, second, to run it with a mixture of unquestionable authority and an affectionate approach to his subordinates. That was how he had done it. From the start, he had taken full responsibility for important decisions. He listened when he was the one asking for an opinion, but he didn't let anyone challenge his final decision.

His greatest satisfaction came from the good atmosphere that reigned in the department. The feeling of social harmony was shared by all his staff, as they accepted the criteria of personal success and, therefore, their chances of promotion according to their seniority and the appraisal that Don Miguel (as everyone called him) conducted of each one. There was no argument about it, and everyone knew how to pursue their professional career according to those criteria.

However, some members of the team, especially the younger ones, commented privately that not everything was a bed of roses and that the system was not fair. They argued that there was no clearly defined system of targets for staff, so that the criterion for success was based mainly on the boss's personal assessment of his subordinates.

They also sometimes complained about the lack of creativity shown by the department's researchers, who hardly ever saw their initiatives considered, unless Don Miguel himself adopted them as his own. This behaviour ended up demotivating them and, therefore, in the long run undermined the department's performance. But they never made their complaints public for fear of falling out of favour with Don Miguel and, consequently, compromising their possibilities for professional improvement.

In a final service to the department, Don Miguel nominated his replacement to the management of the company, and his proposal was accepted. He chose Esteban López, a





colleague trained outside the company who had travelled the world and was much younger. Don Miguel trusted him to continue his work and promised to help him with any issues he might have during his new mandate.

Esteban (as the new boss introduced himself) had learned modern management techniques in his previous companies and wanted to introduce them as soon as he took over. On the one hand, he gave staff more freedom to develop their skills and, on the other, he introduced external criteria in the evaluation of employees, meaning that the reference indicators (such as the number of patents, scientific publications, and the applicability of results, for example) were designed to measure everyone's performance in an objective way.

Based on these criteria, a new promotion system was established, whereby seniority in the position or "friendship" with the boss no longer prevailed, but instead it was based on merit, objectively assessed according to external references.

At first, everyone accepted the new rules, as they seemed much clearer to everyone while also being more motivating. Some of the department's researchers soon embraced the new values and were clearly committed to changing their work habits. They found an opportunity to develop their technical knowledge more freely and, in the process, gain merits for their personal development according to the new criteria.

After a while, it became apparent that the department's overall performance could be considered a success, as new projects were launched and the research results obtained were significantly better.

However, personal conflicts soon began to emerge among those who had embraced the new criteria. Many attributed it to "the stress" of achieving better results than other colleagues, and so they sought the support of a small group of peers with whom they shared common goals. Thus, the department was fragmented into small work groups, and personal relationships deteriorated as a result of the fierce competition to achieve immediate results that would allow them to overcome "rival" groups.

For another group of employees, the oldest in the department, the situation was very different. They did not know how to adapt to change and were relegated to the internal promotion processes, passively waiting for their own retirement. All of them longed for the "happy days" with Don Miguel and wondered if the change had been a success.

Tale date: July 2019

More teaching resources at: www.querrasynavas.com/index_english.htm

