

Case: Motivating Change

People are motivated to engage in collective change when they recognize the discrepancy between what they want and what they are achieving, understand their role in creating their own problems, appreciate other's perspectives as well as their own, and decide among alternatives based on a shared picture.

These conditions are evident in the case of Bill and his senior managers of the telecommunications function in a major computer company, who decided to change their response to pressure from the rest of the corporation to justify the function's value-added.

As part of a general cost-cutting effort, Bill and his team had reduced headcount only to find that the pressure the function's existence did not abate.

On various occasions the team had considered installing a service pricing system to give internal users more control over how much they paid for telecom service, but it never gave the project much priority in the face of other demands. In fact, the managers could not understand why the demand for telecom services was growing at the same time that resources were being cut.

Two Basic Choices

Bill and his team came to see that they basically had two options to justify their value-added: an immediate fix of cutting costs and a longer term solution of installing a service pricing system.

Bill and his team discovered that the two alternatives were not equally effective when they traced the unintended consequences of each.

Consequence 1 was the reduction in available resources caused by cost-cutting led to decline in quality of the function's base services, which in turn prompted users to further question the value of maintaining telecom in-house.

Consequence 2 was the reduction in available resources also reduced the ability of the function to develop and install a service pricing system. Without this system, users were simply paying a corporate overhead tax for the function, felt more removed from its operations and just intensified their pressure to "right-size" it.

Consequence 3 was that the absence of a service pricing mechanism increased the users' sense of entitlement to as much service as they wanted, which had the ironic effect of increasing demand and reducing service quality even further.

Key Variables: Pressure to justify value-added, Cost-cutting, Service pricing, Available resources, Quality of base services, Ability to install service pricing, User's sense of entitlement, Demand

Discussing Questions:

What solution needs to be implemented by Bill and the management team?

What reasons motivate the decision?

In your professional role, have you seen similar challenges?