

# New Synergist Insights

## *Resistance to Change*

March 2015

In last months **Insights** I discussed the Change Management process. In this issue I will discuss resistance to change. There are more than two dozen reasons for resisting organizational changes, but the most significant roadblock in the organizational change process is organizational culture.

Organizational culture is simply the shared assumptions and values of the people that make up that organization. Culture is typically most powerful in successful organizations thus making changes in these organizations difficult. Cultural assumptions that supported and facilitated success are difficult to change even when it seems obvious that change is needed. When the environment external to the organization changes an organizations continued success may be at risk.

General Motors was the largest automaker in the world for more than seventy years. After the 1973 oil crisis GM was faced with an environment that challenged almost all of their assumptions. The new environment of fuel efficient, smaller cars, and global competition required that GM make significant changes in order to fight off competitors. Unfortunately, GM's corporate culture resisted change and their market share in North America tumbled from 60% in the early 1960s to less than 20% by the time they filed for bankruptcy in 2009.

Kodak accounted for 90% of film and 85% of camera sales in the United States in 1976. Overseas competition (Fujifilm) and digital photography resulted in falling sales, massive layoffs, and bankruptcy in 2012.

There is a belief by some that the ills of GM and Kodak are based on a lack of competence or knowledge. GM was widely copied and studied as a model of corporate competence. They were able to dominate the auto industry for years based on superior management, engineering, and design skills. Kodak invented the digital sensor, one of the foundations for digital photography. In spite of powerful positions in their respective industries, they were unable to adapt to the changes that were beyond their control. Both GM and Kodak have made significant changes, but only after bankruptcy threatened their very existence.

Knowing is not the same thing as doing! Understanding that organizational culture is a powerful tool that must be considered when attempting to make significant and long lasting organizational changes. Eliminating resistance to change must include an understanding of the organizations culture and the ability to craft strategies that convince stakeholders that change is necessary.

### **Questions?**

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**April New Synergist Insights:**  
Organizational Culture