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# Strategic Change Is All in the Timing



By [Quy Huy](#) , INSEAD Professor of Strategic Management

## **Large organisations have many different heartbeats, and change managers need to listen to them all.**

At the end of the 20th century, perhaps no American business leader was more admired—and emulated—than former General Electric CEO Jack Welch. He became legendary for almost single-handedly remaking the massive Boston-based conglomerate into a global leader. During his 20-year tenure, which ended in 2001, Welch presided over a 40-fold increase in share price and vaporised tens of thousands of jobs—earning him the nickname “Neutron Jack”.

Today, however, Welch’s formidable fingerprints are largely being wiped away by yet another round of restructuring, this time orchestrated by his successor Jeffrey Immelt. His legacy turned out not to be as lasting as previously thought.

While giving Welch his due as an icon of American business, it may be beneficial to cast a less worshipful eye over his accomplishments. His reorganisation of GE, for example, took a full eight years, a significant

amount of time even considering GE's size. By the end, **the workforce was left dazed** and managers were exhausted. The entire company had become dependent on the vision and charisma of one strong leader—the very opposite of a sustainable strategy.

## **The levels of change**

Back in 2001, while Welch was still widely admired by corporate chieftains and business school professors, I used his case to illustrate how even the most visionary change managers often suffer from a lack of versatility. In an *Academy of Management Review* article titled “**Time, Temporal Capability, and Planned Change**”, I argued that it's not always possible to change an entire global company by simply scaling up the methods you would use to transform, say, a smaller organisation or a department. Because they impact so many different levels of organisational activity, more ambitious change management programmes require a more sophisticated strategic repertoire.

They also require managers to balance a less literal and more subjective concept of time, with their customary focus on “clock-time”. Human beings' temporal awareness includes a personal, subjective sense of continuity between past, present and anticipated future. If that internal flow of events is crudely interrupted—in this case, by changes to the tangible work environment such as formal organisational structures—and nothing promises to restore it, we tend to resist. Even the most obviously necessary improvements will meet forceful opposition.

Moreover, changing how a large organisation operates will usually necessitate some amount of attention to the intangibles: employees' beliefs and social habits. For example, cultivating more entrepreneurial behaviour and cross-silo communication is a common goal of strategic change. Such delicate efforts are not easily encompassed within a calendar-driven time horizon. Instead, managers must wait patiently for windows of opportunity to expand, bit by bit, the boundaries of their employees' comfort zone.

## **Four types of intervention**

Taking all this into account, I have identified four distinct categories of intervention with which change managers should be familiar. Each is uniquely designed to produce a particular change outcome, either tangible

or intangible. Deploying them in tandem requires several temporal perspectives, and varying degrees of patience.

### **1. The *commanding* intervention**

This was Jack Welch's specialty. In this mode, a small group of senior leaders drives change at a galloping pace. Those at the top expect compliance rather than consensus from their subordinates. They often invoke threats from the external environment as justification for the rapid upheaval. The underlying assumption that the organisation's survival is at stake produces a high-urgency, short-term focus. Success is defined in purely quantitative terms – achieving the maximum improvement in economic performance within the smallest amount of quantifiable time (weeks, months, etc.).

This autocratic approach, however, is unlikely to accomplish lasting qualitative change in the culture, mindset or habits of employees. Commanding works best when the aim is to effect change in tangible properties, such as people (e.g. downsizing) or formal structures and systems (e.g. divestment).

### **2. The *engineering* intervention**

It concentrates on redesigning and reprogramming work processes, e.g. as part of digitalisation. Skilled organisational designers are the primary change agents here. They guide and develop employees' task skills in order to improve clock speed, productivity and efficiency. Success is, again, measured in quantitative terms (i.e. clock-time and economic performance), but ideally with a less rigid short-term focus. Managers must allow time for employees to adjust to new ways of working, as well as for cycles of revision and refinement to take place. Also, it takes time for change agents to engender trust, such that employees will share tacit knowledge about workplace tasks with them. The engineering intervention should thus proceed at a moderately fast pace, a canter instead of a gallop.

### **3. The *teaching* intervention**

It is designed to engage employees in the often-upsetting process of re-examining and, where appropriate, reconstituting their core beliefs. Usually, this intervention is prompted by perceived organisational ineffectiveness that can be traced to employees' unquestioned belief systems. Very often, professionals from outside the organisation—such as trained process

consultants, coaches and psychoanalysts—are best-equipped to take the lead. An external expert will be more sensitive to problematic assumptions that are deep-seated within an organisation’s culture.

Individuals should have some latitude in determining the pace of change they are willing to accept. If the process is rushed, employees may not have sufficient time to make sense of what is happening around them. They may then accept change only grudgingly, perhaps harbouring hopes of sabotage. Therefore, teaching demands a time perspective that is moderately long.

#### **4. The *socialising* intervention**

Its purpose is to improve the quality of interpersonal relationships within the organisation. Socialising is best done in a bottom-up way, spearheaded by influential employees at all levels who, having made the decision to change themselves, act as role models for others. Drawing their peers into candid yet sympathetic conversations, they demonstrate new ways of relating while encouraging interlocutors to feel empowered and supported.

In doing so, they reconfigure social time, i.e. the recurrent rituals and social patterns that give meaning to organisational life. This restores much-needed stability during periods of large-scale change. However, it is anything but quick. Only under prevailing conditions of absolute authenticity and implicit trust can change agents build (or rebuild) social networks with staying power. The hurrying hand of authority can spoil the quiet, patient work.

#### **Back to “Neutron Jack”**

Circling back to Jack Welch, we can now see the flaw in the celebrated leader’s dominant change approach. Despite talking a great deal about cultural change at GE, Welch never seemed quite comfortable with a “softer”, socialising style. He often failed to anticipate normal emotional responses to his actions, as when he held workshops with low-level employees, not-so-subtly encouraging them to challenge their direct supervisors—the middle managers. As he later admitted, Welch thereby lost the sorely needed loyalty of many capable managers.

Welch, for all his extraordinary capabilities, was a fairly typical change manager in that he leaned too heavily on the commanding approach. He also prioritised tangibles over intangibles. He was at his best when pushing forward initiatives with quantifiable and fairly immediate impact, such as

spinning off hundreds of underperforming businesses. His impatience with the intangible—the qualitative rather than the quantitative—caused blunders that blot an otherwise outstanding legacy. He will probably never shake the nickname he says he always hated. Whatever his intentions, there will always be those who delight in calling him “Neutron Jack”.

Although I have used the illuminating case of Jack Welch, you can no doubt analyse your current leaders and infer how versatile they are in using all four change approaches depending on the needs of various situations.

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