

# FACULTY INSIGHTS

Q & A WITH MICHAEL L. TUSHMAN



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## LEADING CHANGE AND ORGANIZATIONAL RENEWAL



Internationally recognized for his work on the relationship between technological change, executive leadership, and organization adaptation, Harvard Business School (HBS) faculty member **Michael L. Tushman** is the faculty cochair of the HBS Executive Education program [Leading Change and Organizational Renewal](#). Below, Professor Tushman shares his perspective on the role of executives in driving innovation.

### How is a firm's ability to innovate linked to its leaders' ability to drive change?

To survive over long periods of time, organizations must be able to simultaneously exploit their existing business model and innovate into new spaces. These dual capabilities allow them to respond quickly to jolts to the economy or market change. Organizations must build two very different sets of capabilities. First, they need capabilities for incremental improvement, which help them become better at executing the current business model. Just as important, they must have executives who are skilled at leading change, developing innovations, and maximizing the value of the innovations that emerge. These connections between innovation, leadership, and change are equally important for executives running a family business in the U.S., a state-owned enterprise in Vietnam, or a multinational corporation.

### How do leaders know when change is needed?

Two different situations can produce the need for change. The first is a performance gap, where real problems trigger the change, and everyone knows the organization has to change because it's not doing very well. However, in our research, we have observed that the best leaders initiate change because they see opportunity. They make a move before they have to, addressing what we call an opportunity gap.

### In the Executive Education program [Leading Change and Organizational Renewal](#), which gap do you address?

We explore both kinds of change during the program, but we emphasize proactive change. This approach is so important because a firm that can lead innovation in its sector will be able to put itself at the head of the pack. We help executives determine when to move, where to move, and how to make the right changes that align the organization with the strategy.

In the program, we examine change driven by product innovations as well as by service innovations. We also discuss the difference between innovations that originate from within the firm and innovations that firms bring in from the outside, leveraging strategies for open innovation or distributed innovation.

### How does a company enable internal innovation?

To innovate organically, from inside, organizations must be ambidextrous—which means that one part of the firm is exploiting the existing business model while a different piece is exploring new spaces. For example, at USA Today, president and publisher Tom Curley had to build an organization that was fantastically efficient as a newspaper while developing a different part of the organization focused on digitized delivery of content. These are completely different architectures, requiring an ambidextrous leader, an ambidextrous team, and an ambidextrous organizational design.

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One highlight of the [Leading Change and Organizational Renewal](#) program is Charles O'Reilly's extensive research on the characteristics of those firms that can both exploit existing capabilities and explore into new spaces. We call this structural ambidexterity—building architectures that are inconsistent and paradoxical into the organization. You live in the future and the past, you're big and little. Leadership teams have to own that paradox and move into that tension.

#### **How does the program improve business leaders' ability to lead change?**

You cannot reinvent a firm unless you can reinvent yourself, so we focus first on improving the leadership capabilities of the decision maker and his or her team. We then translate those capabilities into building an organization that can change swiftly.

We also help executives understand the levers they have for leading change. These comprise what we call hardware levers—structure, processes, metrics, and scorecards—and software levers, such as competencies and culture. We have found that less successful managers tend to overmanage the hardware levers and undermanage the software levers. They need to use all of these tools in shaping organizational change. We emphasize the culture of the organization and the leader's role in shaping culture to foster innovation and to define the company's identity.

#### **What can participants expect when they attend [Leading Change and Organizational Renewal](#)?**

They should expect to work hard, to have some fun, and to be challenged by a great set of faculty and a great set of peers that come from the private and public sectors all over the world. Executives come to the program because they're concerned about how they can lead change and renewal, and we give them tools to do it, in areas such as strategy, culture, organizational architecture, distributed innovation, service management, and leadership. In the classroom, in case discussions, and in small group meetings with peers, participants learn how to distinguish between more effective and less effective ways to innovate and change.

#### **Why should organizations consider sending more than one person to the program?**

The program delivers strong benefits for both individuals and teams. For example, individuals are transformed into better leaders of organizational innovation and change and are prepared to put what they learned to work upon returning to their company. However, the greatest impact by far is when teams come with a particular innovation challenge. Every afternoon, the team works on their challenge with the help of a full-time facilitator. By the end of the program, they have a deep understanding of their innovation issue, the obstacles they face, and what they could do to address the issue. They also leave the program with a language—a methodology. The impact on the firm skyrockets. It's a very powerful way to use the program—it serves less as a form of executive education and more as an intervention.

#### **You recently returned from a trip to Asia. Did the trip provide any new insights on innovation in the region?**

My latest trip to Taiwan, Vietnam, Hong Kong, and China reinforced my conviction that issues related to exploiting existing capabilities and exploring new spaces are the same around the world. These are fundamental strategic, leadership, and organizational challenges. What surprised me was that the notion of structural ambidexterity—the tension between exploiting and exploring—is relatively intuitive culturally for executives in the East compared to those in the West. Executives in China are better able to handle paradox. For them, the issue of ambidexterity is no big deal. They likened it to the concept of yin and yang.



**You've been involved in the Leading Change and Organization Renewal program for many years. How do you stay engaged after so long?**

I really enjoy seeing my work translated into practice. Business schools have to make sure their research is rigorous and relevant to business leaders. When you combine rigor and relevance and actually bring it to executives, it's a powerful combination. We're not only teaching but are also learning about business practices and results. Faculty members get direct feedback from executives on the concepts they present. As in an open innovation environment, participants' feedback sharpens our research questions and the next iteration of the program. The give-and-take between faculty and business leaders makes this a very exciting context within which to work. We all learn from one another.

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