

# ORGANIZATIONAL RENEWAL

## A STRATEGIC IMPERATIVE

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### **P**URPOSE

*ORGANIZATIONAL renewal can occur as an ongoing, continuous process or as episodic change. Organizations need continuous renewal because it adds a level of stability in the midst of internal and external triggers of change. The purposes of this paper are: (1) to emphasize the need for continuous organizational renewal and (2) to elucidate the respective roles of organizational culture, the external environment, and internal organizational processes as well as strategic decisions and actions in both continuous and episodic organizational renewal.*

**Design/Methodology/Approach** – *This paper involved an extensive literature review of theories and concepts relevant to continuous and episodic organizational renewal. For example, continuous learning and innovation were studied a part of the continuous renewal process. In addition, organizational culture, the external environment, and internal organizational processes as well as strategic decisions and actions were studied in terms of their potential impact on organizational renewal. Finally, a conceptual organizational renewal model was developed which depicts the influence of internal and external elements of change and the role of continuous learning and innovation.*

**Findings** – *Organizational leaders must understand organizational renewal theories in order to be better able to invent the future as a continuous as well as episodic renewal process. Leadership assessments, training, mentoring, and hiring processes should be refined to ensure that the people being hired and promoted into leadership positions will function as transformational, organizational renewal leaders for their respective organizations. As organizational renewal occurs, it then impacts learning and innovation so that renewal becomes a self-sustaining, continuous, reiterative process. It is in this way that learning and innovation serve both as the foundation for, and reiterative elements of, organizational renewal.*

**Research Limitations/Implications** – *The literature review indicated (1) a need for continuous organizational renewal and (2) the existence and causes of episodic organizational renewal which have the potential for negative as well as positive organizational impact. The authors recognized a need for an organizational renewal model which will be useful to organizational leaders who face organizational renewal challenges on a daily basis.*

**Practical Implications** – *All organizations face external and internal challenges which have the potential for negative and/or positive organizational impact. This paper encourages organizational*

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*leaders to invent the future by understanding and appropriately utilizing organizational renewal theories and concepts. An organizational renewal model is presented which can be utilized to sustain continuous renewal and thereby support long term organizational viability.*

**Originality/Value** – *This paper presents a new conceptual model in which learning and innovation comprise both the foundation for, and impacting elements of, organizational renewal.*

**Key Words:** *Organizational Renewal, Continuous Learning, Innovation, Strategy.*

## **Introduction**

Steinstra, et al., (2004) note that organizational renewal refers to a continuous, knowledge-oriented process as opposed to episodic change. Organizational renewal should encompass a continuous process because of the changes that organizations face on a daily basis, and many of those changes have the potential for major strategic and tactical impact on an organization's operations. Such a continuous process adds a stability factor even in the midst of episodic renewal. As depicted in Figure 1, the triggers or root causes of changes may be internal and/or external, and organizational leaders may have limited or no control over some changes once they occur. However, awareness of a potential change (or being the innovator who causes the change) would help mitigate the extent to which there is leadership control or a lack of control. For example, when new technology is on the horizon, strategy has to be reviewed to determine if/when the organization would benefit by adopting it. Then a plan has to be created. What may be uncontrollable (and perhaps even unknowable) is how quickly the technology will be adopted. For example, when Amazon first started, the idea of buying and selling online was alien to most people. The idea that within 15 years it would become the norm was unthinkable. Furthermore, the thought that you could link individual buyers and individual sellers and make a profit doing that was not even a blip on the radar. We see a similar situation with social networking (e.g., LinkedIn, Facebook, Twitter, YouTube, blogs, etc.) and the way so many organizational leaders are using these media to reach out to customers, potential customers, employees, and others.

Fligstein (1990) admonishes that organizations often fail if they do not periodically renew themselves. We suggest that organizations are more likely to fail if they do not *continuously renew* themselves. Organizational leaders must ask themselves, "Why do some organizations succeed while others do not?" In answering that question, they will learn that organizations that are continuously renewed and redesigned to meet competitive demands survive and emerge stronger than ever.

## **Objectives of the Study**

The purposes of this paper are: (1) to emphasize the need for continuous organizational renewal and (2) to elucidate the respective roles of organizational culture, the external environment, and internal organizational processes as well as strategic decisions and actions in continuous and episodic organizational renewal.

## **Types and Causes of Organizational Renewal**

Organizations should be involved in implementing planned organizational renewal initiatives based on standards of excellence, market awareness, people development and the right balance between internal and external environments of the organization. Organizational renewal is a deliberate strategy for organizational performance and long term survival.

Organizational renewal may be sporadic or continuous. If sporadic renewal is a dramatic, rapid response to either an external or internal change, it will require an immediate quantum shift in the organizational leaders' strategic and tactical thinking in order to achieve short-term as well as long-term, sustainable performance (Acar and Winfrey, 1994). The need for sporadic, i.e., episodic, as well as continuous organizational renewal may be the result of drastic, rapidly occurring events caused by external or internal triggers. External triggers of organizational renewal may be weather, global events, economic conditions, technological changes (including the internet as well as technology products), political and legal environment (including deregulation and regulation), socio-cultural changes, terrorism, and/or

competition. These external triggers can also affect an organization's capability to change and renew itself continuously. Examples of internal negative triggers of organizational renewal are: the loss of a large contract, failure to do adequate succession planning, theft, violence in the workplace, product safety problems, the loss of key employees, and failure to follow procedures. However, there are many positive internal triggers of organizational renewal. For example, the continuous development of capabilities (product, service, and manpower) can also lead to breakthrough innovations resulting in competitive advantage for the organization (Ahuja and Lampert, 2001).

Miles, Coleman, and Creed (1995) caution that there are three requirements for effective organizational redesign: "a commitment to total redesign as an economic *must* not simply an *ought*; a clear structured vision supported by the structure and process changes necessary to achieve it; and a managerial philosophy – a view of people and how they are to be utilized and managed that fits the chosen strategy and structure". After determining the strategies, it is important for the stakeholders to evaluate the impact of strategies which includes financial, i.e., estimated costs associated with each strategy and its impact on the organization in relation to time. Long-range, medium-range, and short-term strategies as well as tactical action plans should be developed.

Core capabilities play an important role in emerging strategies by highlighting the need for change and leading the way (Barton, 1992). Core capabilities consist of skills and knowledge base, technical system, managerial system, and values and norms (Kimberly, 1987). These four dimensions of core capabilities are interdependent and interrelated with each other in the organizations. Core capabilities provide the basis for competitive capacities and achieving sustainable advantage for an organization. The strategic management of core capabilities along with organizational culture, changing organizational processes, and continuous learning and innovation significantly impact the process of organizational renewal.

### **Organizational Renewal Conceptual Model**

In our conceptual model of organizational renewal (Figure 1), we postulate that continuous learning and innovation comprise the foundation for renewal as it impacts, and is impacted by, organizational strategies, processes, and culture, all of which are internal elements of organizations. Internal elements then impact, and are impacted by, legal/regulatory, political, cultural, social, competitive, economic, and other external forces. Because organizational leaders have more capability to influence them, a primary emphasis in this paper is the model as it relates to the internal forces. However, external forces are also included because of their interactions with internal forces and the obligation of organizational leaders to recognize the potential impending impact of external forces and whether that impact will be negative or positive.

### **Strategic Renewal**

Peter Drucker's student, Cohen (2008) said that he learned from Drucker "You can't predict the future, but you can invent it." Such invention of the future is an integral part of strategic management, i.e., the result of strategic decisions and actions. "Strategic management is the formulation and implementation of strategies to achieve the mission, vision, goals, and objectives of an organization. It includes the analysis of the organization's internal and external environments, the establishment of the overall direction of the organization, and coordination with all the firms' functional areas. Strategic and tactical planning is an organization's process to determine where the organization stands, what it needs to do, where it needs to go, and how it will get there" (Taneja, et al., 2010).

Volberda, et al. (2001) emphasize that "a firm's strategic renewal journey is reflected by the strategic actions a firm undertakes to alter its path dependence." As mentioned previously, and as depicted in our organizational renewal model in Figure 1, strategic actions are influenced by the external environmental forces at industry level, and internal factors at the organization level. When the organization responds to the external environment, the market decides about proper strategic renewal resulting in following the rules of the industry.

Allio (2006) lists ten cornerstones of strategic thinking (Long-range planning, Strategic analysis, Quality,

Portfolio theory, Scenario planning, Resource allocation models, Corporate culture, Leadership craft, Metrics that matter, and Strategic alliances). We concur with Pryor, et al. (2010) who stated that they “find it interesting, but not surprising, that strategy implementation or strategy execution did not make the top 10 list. For many years, various authors (e.g., Chandler, 1962/1998, 1977; Mintzberg, 1994; Mintzberg, Ahlstrand, and Lampel, 1998, 2005; Porter, 2008, 1990, 1986, 1985, 1980; and Pryor, et al., 2007) provided in the literature robust examinations of strategic management (particularly strategy formulation). However, Beer and Eisenstat (2000) emphasized that efforts to extend strategic implementation paradigms failed to provide an integrated representation that would be helpful in the effective realignment of “structure, systems, leadership behavior, human resource policies, culture, values, and management processes.”

Hambrick (1987) reminded us that “performance of an organization is ultimately a reflection of its top managers.” Hambrick and Mason (1984) postulate that “Organizational outcomes – both strategies and effectiveness – are viewed as reflections of the values and cognitive bases of powerful actors in the organization (i.e., the top managers).” Strategic planning is done by the top management of an organization, and it is this process and the execution of the strategic plans that are the bases of decisions and actions. Barnard (1938) emphasized that “Executive work is not that of the organization, but the specialized work of *maintaining* the organization in operation” (as cited in Hurst, et al. (1989). For long-term viability and sustainability, organizations require the ongoing creation and re-creation of processes and how they are managed. This is part of the renewal function for executives in the strategic planning process. Otherwise, if organizational leaders manage their respective organizations based only on what always existed, it is similar to driving a car while looking only in the rear view mirror, without addressing changes needed to confront immediate challenges as well as those things that may confront the driver or the manager in the long term.

Strategic management plays an important role because in the execution part of the process it assists in the alignment of people in the top management group (Hurst, et.al., 1989). Beer and Einstat (2000) caution that “Six silent killers of strategy implementation exist in most companies, but too many managers avoid confronting them. Leaders need to face these killers if they and their organizations are to learn and succeed.” Those silent killers and the principles to overcome them (with which we agree) are listed in Table 1.

**Table 1: Silent Killers and Principles to Overcome Them**

<b>Six Silent Killers</b>	<b>Six Principles to Overcome Silent Killers</b>
Top-down or laissez-faire senior management style	Turn top-down or laissez-faire management style into engaged leadership.
Unclear strategy and conflicting priorities	Turn unclear strategy and conflicting priorities into a clear and compelling business direction.
An ineffective senior management team	Turn an ineffective senior management team into an effective (both qualitative and quantitative aspects).
Poor coordination across functions, businesses, or borders	Turn poor coordination into teamwork through realigning roles, responsibilities, and accountabilities with strategy.
Poor vertical communication	Turn poor vertical communication into an open fact-based dialogue.
Inadequate, down-the-line leadership skills and development	Turn inadequate down-the-line leadership skills into strong leadership with a general management perspective.

**Source: Beer, M. and Einstat, R.A. (2000), *The Silent Killers of Strategy Implementation and Learning*, Sloan Management Review, Summer, 2000, pp.29-40.**

Barr, Stimpert, and Huff (1992) suggested that “Organizational renewal requires that a firm’s top managers make timely adjustments in their mental models following significant changes in the environment.” In other words, the appropriate cognitive change is necessary to make the strategic decisions and take the actions that are required for organizational renewal. We suggest that the alternative to making appropriate timely adjustments in mental models is to allow the existence of the silent killers mentioned by Beer and Einstat (2000) to cause decline instead of organizational renewal.

Further substantiating the concept of adjustments in mental models, Keisler and Sproull (1982) emphasized that “a crucial component of managerial behavior in rapidly changing environments is problem sensing, the cognitive processes of noticing and constructing meaning about environmental change so that organizations can take action.” Organizational renewal requires that an organization’s top managers make adjustments in their mental models following the changes in the environment. The need to be able to adjust to environment was further authenticated by Huff and Schwenk (1990) whose studies indicated “how environmental changes can prompt changes in ‘interpretive schemes’ or cognitive models of the world that may lead to organizational restructuring. This helps substantiate the theory that environmental change and corporate strategy are linked together, and that changing one component leads to change in another component over time.

Leaders must engage, motivate, and involve their followers in order to reinvent and continuously renew their organizations. Various authors advocate theories that would support organizational renewal, including:

1. transformational leadership (Avolio, Waldman, and Yammarino, 1991; Bass, 1985, 1990; Bass and Avolio, 1993; Burns, 1978; Einstein, 1995; Einstein and Humphreys, 2001; Humphreys, 2005; and Tichy and Ulrich, 1984);
2. servant leadership (Barbuto and Wheeler, 2006; Blanchard and Hodges, 2003; Block, 2005; Greenleaf, 1977; Spears, 1994; Spears and Lawrence, 2004; West, Bocarnea, and Maranon, 2009; and Wong and Davey, 2007);
3. authentic leadership (Avolio, and Gardner, 2005; Walumbwa, Avolio, Gardner, Wernsing, and Peterson, 2008; West, Bocarnea, and Maranon, 2009);
4. charismatic leadership (Choi, 2006; Conger and Kanungo, 1987; Gardner and Avolio, 1998; Gibson and Blackwell, 1999; Howell and Shamir, 2005; Ladkin and Taylor, 2010; Shamir and Eilam, 2005; Waldman, Bass, and Yammarino, 1990); and
5. compassionate leadership (Boyatzis, Smith, and Blaize, 2006; Dutton, Worline, Frost and Lilius, 2006; and Grant, 2008).

Of course, there are many other potentially impactful theories of leadership and motivation espoused by various experts, including Stogdill, 1959; Adams, 1963; Fiedler, 1967; Maslow, 1954; McGregor, 1960; Herzberg, 1966, 1968; Skinner, 1953, 1971; Vroom, 1964; and McClelland, 1985. Leadership styles and theories can positively or negatively impact organizational renewal efforts because of their influence on the strategic management of organizations. This includes the management of organizational culture and processes as well as continuous learning and innovation.

## **Organizational Culture**

Organizational culture is another internal element in our organizational renewal model depicted in Figure 1. According to Acar and Winfrey (1994), the culture of an organization can be considered from several perspectives: “culture as an adaptive environmental system; culture as a cognitive ideational system; and culture as a structural-symbolic ideational system.” Many of the current theories, concepts and tools relating to organizational culture trace their roots to the management experts who worked on streamlining the way work was done. Noted experts (e.g., Hofstede, 1978, 1983; Scott, 1987, and Schein, 1993) attempted to provide answers to why organizational renewal is essential in order to improve organizational culture as well as to increase efficiency, productivity, and effectiveness.

To understand organizational culture, it is important to understand what the word culture means. Hofstede (1983) stated that culture is “collective mental programming” i.e., when employees share common experiences with one another in an organization. It is the presence of culture that provides groups their esprit de corps and makes it possible for organization members to work with each other effectively and efficiently. To understand organizational culture, we need to appreciate the role of transformation leadership which is the catalyst for energizing an organization and assisting in the renewal of organizational processes (Bass, 1990). Selznick (1949) added the concept of the organization’s institutional environment. Spender and Grinyer (1996) also reinforced ideas relating to institutional aspects of organizational life. Scott (1987) demonstrated how institutional theory is important in understanding and analyzing the organization value system. Scott (1987) says that “there are four distinct traditions: (1) the infusion of value, (2) the creation of reality, (3) a particular class of elements, and (4) distinct societal spheres.” These four aspects represent the internal environment of organizations. The institutional aspects deal with employees and their respective motivations for participating in the organizational processes. However Lewin (1935: 20) seems to think that organizational culture is much more and commented that “a system comes together with an ‘ah ha’, a surprising act of synthesis.” As a result of such a system of beliefs, organizations are able to resist changes, including those that could result in positive organizational renewal. This seems to suggest the need for radical, disruptive change.

Along this same line, Spender and Grinyer (1996) emphasize that “organizational practice is constrained and shaped by institutions that reveal the presence of a community of practice, and that institutional structures are slow to form and difficult to change.” However, they also postulate that an organization is able to “display responsiveness at the level of the whole system while sustaining the distinctiveness of the parts” (Spender and Grinyer, 1996). In other words, episodic as well as gradual, continuous organizational renewal could simultaneously occur even in the most institutionalized cultures, structures, and processes.

### **Organizational Processes**

The third internal element in our organizational renewal model as depicted in Figure 1 is comprised of organizational processes. The internal environment and processes as well as the strategic management of organizations are often impacted by the previously mentioned external environment which includes forces such as competitive, economic, political, legal and regulatory, technological, and sociocultural forces (Porter, 2008; Hitt, et al., 2009). The external environment plays an important role in the strategic management of organizations. The effects of these forces on organizations create threats as well as opportunities for the organizations to renew their processes.

The forces of the external environment affect an organization’s ability to change its processes as well as to adjust its strategies and tactics. For example, rising gasoline prices and declining sales of gas-guzzling models caused a need for change which led many automakers to make improvement of vehicle fuel economy a high priority (Pride and Ferrell, 2009). However, it is not just the price of gas. Governmental and organizational commitments to sustainability are important as well. Such commitment is demonstrated by managers who consider both the long-range best interests of the organization and its relationship to the society within which it operates. “Sustainability refers to the idea that socially responsible companies will outperform their peers by focusing on the world’s social problems and viewing them as opportunities to build profits and help the world at the same time” (Pride and Ferrell, 2009). An outgrowth of the social responsibility movement is green marketing i.e., the development of products which are less harmful to the environment or to improve the environment. As noted by Ottoman (2002), environmentalism, like market competitiveness, is now an integral part of the American culture.

Also, external environmental forces help organizational leaders to determine whether an organization needs to renew its mission, vision, and objectives and to continuously improve its processes. In other words, external environmental forces may affect the organizational leader’s decisions and actions by influencing the organization’s processes.

External environmental forces are often closely interrelated so that changes in one may cause changes in others. For example, to overcome the challenge of rising obesity rates in children, legislation in the U.S. was passed to regulate the sale of soft drinks in public schools. As a result of the focus on overcoming obesity in children and adults, some organizations have introduced more healthy options (e.g., PepsiCo's Tropicana fruit wise bars and Life cereal with yogurt). To highlight the focus on health, PepsiCo places a green "Smart Spot" on their products. Today, this one company carries more than 250 products which have a "Smart Spot" to show their support towards healthier options (Heida, 2007). Many organizational leaders have responded to health and obesity concerns by reformulating their products and processes and revising strategic choices for their respective organizations.

To overcome uncertainties posed by the external environment, organizations not only adapt to, but also capitalize on, the capabilities and opportunities that such changes provide. In the focus on process, the most important challenge for any leader is to build an organization that continuously renews itself, where creativity is encouraged, and where innovative ideas are implemented. Gyskiewicz (2005) said, "Creating a positive turbulence can be the primary means of promoting renewal so that organizations not only survive change but also prosper because of it." Previously mentioned external environmental factors like technology, competition, economy, socio-cultural and politico-legal or any combination of them could create turbulence for the organization in the form of challenges. However, if organizational leaders have established for their organizations a system and condition of organizational renewal, the organization could experience positive turbulence (Gyskiewicz, 2005).

Organizations which are capable of continuously renewing their processes with a changing dynamic environment have to continually renew their objectives, strategies and the processes of top management teams as well. The strategic organizational renewal process helps organizational leaders to adapt to changes in the environment and renew their processes. According to Chakravarthy and Doz (1992), it is a significant challenge for strategic renewal efforts to evolve processes, i.e., the compartmentalized view of organizational transformations that characterizes which areas of the organizations need to be changed and renewed.

For organizational renewal to succeed, it is necessary that organizational leaders consider the impact of stress and inertia. Huff, et al. (1992) suggested that in the organizational context, "inertia is most succinctly defined as the level of commitment to current strategy, reflecting individual support for a given way of operating, institutional mechanisms used to implement strategy, monetary investments and social expectations." Therefore, inertia can bind an organization to one strategy for a long time because it is time consuming to abandon current activities and discover alternatives for meeting internal and external demands.

Organizational stress is caused by problems between an organization's internal environment and its external environment, i.e., when there's a misalignment between an organization and its external environment. Such misalignment may develop as a result of changing technologies, the introduction of new methods and processes, and/or the inadequacies of current strategies (Van de Van, 1986). Also potential entrants to the industry, new strategies followed by similar organizations, competitive threats, problems with customers and suppliers, and lawsuits all lead to organizational stress (Porter, 1980). Changes in the internal environment (e.g., hiring of new people, declines in performance, and lost business) are also contributors to organizational stress. However, such changes also present opportunities for continuous learning and innovation as an integral part of strategic organizational renewal.

## **Continuous Learning and Innovation**

Also internal elements in Figure 1, continuous learning and innovation serve as essential foundational elements as they reiteratively impact, and are impacted by, organizational renewal. Kuwada (1998:719) addresses strategic learning as "the continuous side of discontinuous strategic change." We agree, and we believe that transformational leaders can help integrate strategic continuous learning and innovation into an organization's culture. The question then becomes, "How do people become transformational leaders?" Bass (1990) describes transformational leadership as "superior leadership performance," and

he states that “transformational leadership can be learned...” (Bass, 1990). In the same article, Bass (1990) discusses situations in which transactional leadership (i.e., leadership based on transactions between managers and employees) was effective. Examples of transactions included rewards for positive performance and penalties for poor performance. Bass (1990) also offers the counter-argument that “In many instances, however, such transactional leadership is a prescription for mediocrity.” He goes on to say that “Transformational leadership should be encouraged” (Bass, 1990). Since continuous learning and innovation are essential elements of organizational renewal, we suggest that transformational leadership should be required. Seltzer and Bass (1990) emphasize that “transformational leadership is seen when leaders broaden and elevate the interests of their followers, when they generate awareness and acceptance among the followers of the purposes and mission of the group, and when they move their followers to transcend their own self-interests for the good of the group.” Bass (1990) indicates that hiring, training, mentoring, and other processes should change to accommodate the need for transformational leaders.

Street and Gallupe (2008) regard organizational renewal as “a path dependent organizational process that involves promoting, accommodating and using new knowledge and innovative behavior in order to change an organization’s product market domain [what they do] and/or its core competencies [how they do it].” As DeGeus (1988) points out, “organizational learning may be the only sustainable competitive advantage” (as cited in Crossan and Berdrow, 2003). Allaire and Firsirotu (1985) indicated that “strategic learning is most likely to involve transformation in which a firm, well adjusted to its present environment, undergoes a fundamental change to adapt to a future environment” (as cited in Kuwada, 1998).

Wheeler (2002) proposed that experimenting is an important exercise in effectively choosing appropriate technology to develop capabilities. This idea was further reinforced by Sambamurthy, et al. (2003) who emphasized that experimentation leads to innovation in competitive markets. The key thing for organizational renewal is continuously experimenting, renewing methods and technologies, and adopting innovative measures for the strategic renewal of the organization.

## **Challenges**

Continuous organizational renewal and change are necessary for an organization’s long term survival. In addition, sporadic (often radical and dramatic) organizational renewal and redesign are sometimes essential as a result of changes in technology, competitive threats, and other things that threaten the life of an organization. For example, from 2003-2006, Mercedes-Benz endured one of its most painful stretches in its 127-year history, as its stellar quality reputation took a beating in J.D. Power and other surveys, and BMW surpassed it in global sales. As a consequence, Daimler Chrysler Chief Executive Dieter Zetsche and his management team initiated a major restructuring, organizing the company around functional model lines. To improve quality, the company also made a number of product development changes (Kotler and Keller, 2009).

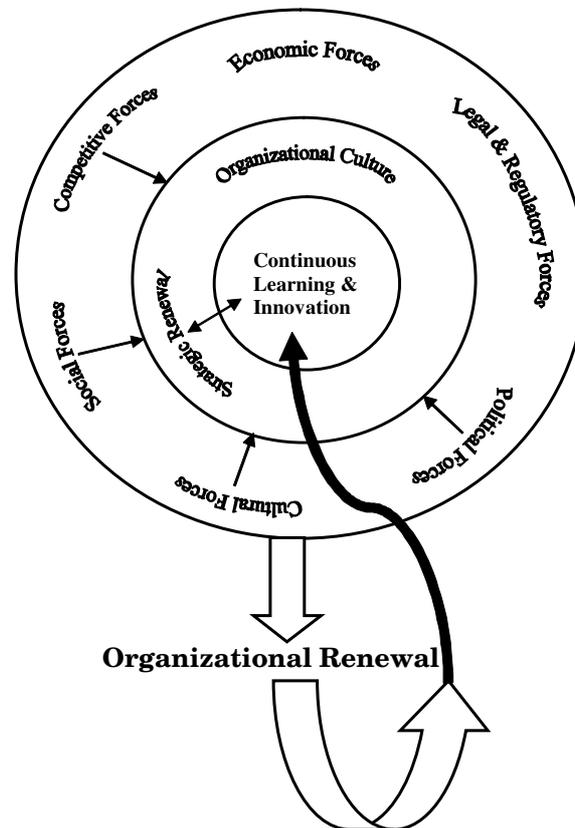
To introduce and manage organization renewal successfully, employers must convince their employees to accept the changes or neutralize the employee resistance. Organizational leaders can lessen resistance by incorporating employee interests in the decision making and making people responsible for the renewal, thereby strengthening their commitment to the changes. The biggest challenge for organizational leaders is to understand what happens in organizational renewal when employee participation becomes necessary. The focus is typically on how the organization’s leadership manages change, and the impact of management’s philosophy on the organization and its employees. Of course, the focus on leadership is essential in terms of employee participation, use of resources, availability of external support, and the determination of the extent to which organizational renewal may add value beyond the competence and economic strength already present in the organization.

## **Conclusion and Recommendations**

In order to survive and flourish in the long term, organizations must experience continuous renewal as a stability factor as well as episodic change as they react to environmental disruptions. Organizational renewal requires continuous learning and innovation so that transformational leaders can address

internal and external triggers of change which may require strategic decisions and actions. Changes may be required in organizational culture, processes, strategies and tactics as well as learning and innovation capabilities. Figure 1 presents our model of organizational renewal, the influence of its internal and external elements of change, and the role of continuous learning and innovation.

Organizational leaders must understand organizational renewal theories in order to be better able to invent the future as a continuous as well as episodic renewal process. Leadership assessments, training, mentoring, and hiring processes should be refined to ensure that the people being hired and promoted into leadership positions will function as transformational, organizational renewal leaders for their respective organizations. As organizational renewal occurs, it then impacts learning and innovation so that renewal becomes a self-sustaining, continuous, reiterative process. It is in this way that learning and innovation serve both as the foundation for, and reiterative elements of, organizational renewal as depicted in Figure 1.



**Figure 1: A Conceptual Model of Organizational Renewal**

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