PREFACE

Why another book on organizational change?

You've heard it over and over again. Change is everywhere! Change or perish! The world is changing! Business is changing at the speed of light! Change is the only constant! If you go to Amazon.com and type in "organizational change" you will find, as of this writing, 24,386 entries! If change is so pervasive, and so many have had so much to say about it, you would think that everyone would have unlocked its secrets and figured out how to deal with it.

Unfortunately, when it comes to organizational change initiatives, study after study, conducted by academics, consulting firms, trade associations, or professional magazines, finds that the vast majority of changes, be they restructurings, technology implementations, or business process changes, fail outright or fall far short of expectations. By most estimates, really successful organizational changes occur less than 20 percent of the time. So, we fail, find someone or something to blame, and start all over again.

This state of affairs does not result from a lack of well-accepted prescriptions about how change should be handled. If you want to succeed in change, you are told, you ought to do the following: have and articulate a vision, communicate effectively, inspire people, involve people in decisions about the change, role model the new behaviors, remove obstacles to the change, and reinforce the new behaviors; and, by the way, it would really help if you were also a transformational or charismatic leader.

It's not that people are unaware of these recommendations; they are broadcast, in one way or another, by many books, articles, seminars, and consulting firms. In fact, most of the best-selling books on change provide such prescriptions for implementing whatever change one has in mind. Unfortunately, while such approaches provide an often-yearned-for level of simplicity (for example, "follow these six steps to effective change"), they simply don't deliver the results. As Louis Lavelle, a book reviewer for *BusinessWeek* magazine, so aptly put it: "To hear most authors of business books tell it, there is no management conundrum so great that it can't be solved by the deft application of seven or eight basic principles. The authors are almost always wrong: Big public companies have too many moving parts to conform to any set of simple precepts."[1]

In our own executive teaching and consulting, we increasingly suspected that these "conventional wisdoms" were not enough. People seemed increasingly cynical about change. These change guidelines and prescriptions were too simplistic to address the complexities surrounding change in most organizations, they were viewed as niceties or luxuries not heeded by many organizations, or they were seen as idealistic or impractical given the situations most people found themselves in. What's worse, often, even when these guidelines were followed, results were still not satisfactory.

So we started asking executives to think of a change that didn't go as well as they would have liked, and to identify the key factor that may have been responsible. We found out that many of the root causes of failure were not related to faulty change process. Rather, they were often systemic or situational factors that doomed the planned changes no matter how much attention was paid to process. For example, changes that don't make sense, suffer from lack of leadership, or push people beyond their capabilities will not succeed no matter what methods are used to implement them. Yet even as we struggled to incorporate these many complicating factors into our own thinking, more and more books were coming out taking the opposite view. Namely, they minimized or even trivialized the important issues and glossed over management's critical role in leading change. For example, the wildly popular book *Who Moved My Cheese?* suggests that the fault lies with the broad base of organizational members who are just not comfortable enough or nimble enough to get

with change programs. We all just need to learn to love and embrace change and everything will be okay.

We also noticed that while some disappointing change efforts could be diagnosed as suffering from "communication," "vision," or "sense of urgency" issues, more often than not, the lists of most recommended change steps did not map onto leaders' lists of root causes for failed changes. These recommendations could not explain failures due to pursuit of bad change ideas; failures due to the inadequacy of those asked to lead change; failures attributable to the behaviors of those expected to implement the change; failures attributable to cultural and other, intraorganizational factors; or failures attributable to factors in the organization's environment.

We found that almost all advice about organizational change focuses on a few steps applied to a single change. Yet we found few people who live in a "one change at a time" environment; they live on a roller coaster of change. Many times the different and overlapping changes are driven by different events, are led by different executives, and originate from different parts of the organization using different consultants. Organizations rarely have the luxury of shutting everything else out while they concentrate on a given change initiative.

Slowly, we came to understand that successful changes require leaders to develop better ways of analyzing (1) *what* they think they want or need to change, (2) what they know about *themselves* and the *others* who will be asked to lead and make the behavioral adjustments implied by the change, and (3) what they know about the *context* in which the change is to occur, especially about what other changes are taking place. Only then can change leaders develop a strategy for *how* they will go about it, when they will do what, and how fast they can move.

The savvy change leader understands the complex interplay of these issues. When Lou Gerstner assumed the helm at IBM, he "shocked" the business press and Wall Street analysts when he stated, "The last thing IBM needs now is a vision." We can be reasonably sure he had some vision in mind, or he would not have taken the job. Yet he understood that as an outsider, it would have been a mistake to march in and proclaim he knew exactly what was wrong and what new directions the organization should go in. He needed to fix some things that were obviously broken (not requiring a vision), he needed to size up who

he had to work with, he had to gain credibility with his followers, and he had to understand the environment (internal and external). Ultimately, he had the opportunity to enact his vision, but the "what" and "how" he chose were shaped by the "who" and the "context" as he saw them. What seemed like an inauspicious beginning turned out to be an incredibly successful organizational transformation.

Contrast this with other outsiders who march in proclaiming the wisdom of their vision and bull-headedly push forth, with little regard for the organization's culture or history, the opinions of various thought leaders, and without really understanding the situation (possible examples—Carly Fiorina at Hewlett-Packard and Bob Nardelli at Home Depot). These leaders usually meet with disastrous personal and organizational results. Thus it is not whether one does or does not need a vision for major changes. Rather, the role played by a grand vision is dependent on who the leader is and what situation he or she finds him- or herself in (as well as other qualifiers we'll discuss later on), which will determine what the first step of the change process should be and how it should unfold.

Realizing that change success or failure is better understood in terms of the interplay of several important factors, we set out to identify and explore these factors. To supplement our understanding of the many writings in this area, we embarked on a series of studies, spanning ten years, that examined more than three hundred changes and over eight thousand individuals who have lived through them. We then reality-tested and shaped these learnings by bouncing them off hundreds of managers we encountered in executive education and consulting settings.

We also looked for insights from popular press descriptions of organizational changes and change leaders. Did events in the "real world" support the general principles and frameworks we were developing? Thus our observations span the gamut from academic studies, attending to the rigor and methods of scientific inquiry, to organizational cases and anecdotes reported in the media, to the experiences of people in the know—those living change on a day-to-day basis.

Given our journey, and the tremendous respect we've developed for the complexity and nuances of the topic, we do not intend this book to be "the to-

tal answer" (if there is ever such a thing). If nothing else, we've figured out that change is never a straightforward, stepwise, linear, or easily prescribed process. Rather, it is messy and complicated, and its outcomes are easily swayed by a host of factors, making prediction of success difficult at best. So what is your choice? You can throw your hands up and say, "This is too difficult or complex," and thus relegate the problem to the simple prescriptions that already exist, to intuition, or to the realm of art. Or you can try to tackle the problem head on and become more fully aware of what needs to be considered when faced with a significant organizational change. The bottom line is that successful organizational change is really hard work. With all due respect to another popular book on the subject, change is definitely not for dummies!

To use a baseball analogy, lifetime .300 hitters get inducted into the Baseball Hall of Fame. The evidence seems to suggest that .300 would also be a pretty good change batting average in most organizations. Well, you might say, three out of ten isn't so hot. It is if you consider how difficult the task is, and that most people do worse! This book is designed to help you improve your change success batting average, not to make it 1.000!

WHAT DO WE MEAN BY CHANGE?

At this point, we need to say something about what we mean by *organizational change* and how we will use the term. We use the term *change* or *organizational change* to mean demands placed on organizations or organizational subunits that require significant departures from people's current routines and behaviors, *and the success of which depends upon the support of those affected.*

As such, whether the change represents a total strategic transformation of a business; a major restructuring; or the implementation of a new technology, business system, or process is not really important for our purposes. Nor is it important for our purposes that a change affect the whole organization. When we use the term *change,* we mean something initiated by one or more organizational leaders, intended to achieve certain results through the modification of other people's behaviors or routines, with the success or failure to achieve these modifications having consequences for the particular organizational unit or the organization as a whole.

WHO IS THIS BOOK FOR?

In this book, we hope to stimulate thinking about change among several important audiences. We hope to convince executives that change leadership does not lend itself to quick-reading, parable-laden, simplistic prescriptions. Change is a serious matter, and the landscape is strewn with organizations and leaders that have failed to understand it.

In a survey of 1,087 corporate directors, reported in *BusinessWeek*, it was found that 31 percent of CEOs fired by their boards were removed because they mismanaged change, more than any other single reason given.[2] Who knows how many managers below the CEO level have met the same fate. Change leadership is increasingly considered an important competency for advancement in organizations, as well as for being selected to key positions. Though Bob Nardelli was widely seen as the better operating executive at GE, some have speculated that Jack Welch chose Jeff Immelt to succeed him precisely because he was more adept at managing change.[3]

For students, especially those enrolled in business, management, or organizational psychology courses, we hope to convey the notion that change can, and should be, considered from a more scientific and scholarly approach, and that a better grasp of organizational change is an indispensable competency required of any future leader.

Finally, we think consultants also will gain insights from reading this book. We hope such insights will help them better identify potential pitfalls in change programs, improve their ability to place a specific consulting engagement in the larger context of what else is going on in the client organization, and generally help facilitate the changes they've been asked to help design and implement. Such an orientation will serve both the client and the consultant well. Thus, regardless of your interest or perspective, change deserves your serious attention!