Leading Change

John P. Kotter
Harvard Business School Press, Boston, MA, 1996
reviewed by Art Boulay, MBA, CMC

This book was written over twenty years ago, but is still highly regarded as the way to manage change. It may be more relevant today than in 1996 when the internet and email were still fairly new and had not intruded on every aspect of our personal, economic and professional lives. Kotter's big idea is that *leadership must make the change happen.* If it was true in 1996, it's even more true today, the primary role of a leader is *Leading Change.*

Kotter makes an excellent case for why the 8 stages of change must be done, and done in sequence. The underlying message of the book is the need for leadership and management to get the job done, and recognizes that most organizations have done a good job developing management, and not enough to develop leadership.

The 8 stages of change are:

1. Establish a Sense of Urgency

2. Create the Guiding Coalition

3. Develop a Vision and Strategy

4. Communicate the Change Vision

5. Empower Broad-Based Action

6. Generate Short-Term Wins

7. Consolidate Gains and Producing More Change

8. Anchor New Approaches in the Culture

1. URGENCY

If few people see the current situation as a crisis or potential crisis, or they do not see opportunity in changing the business, they will not undertake the massive effort and commitment required of major change. If this stage is skipped, warns Kotter, you may make headway for a time, but managers and employees will not change old behaviors and attitudes if most of them think the current situation is satisfactory.

Ways to Raise the Urgency Level

1. Set revenue, income, productivity, [and] customer satisfaction…targets so high that they can't be reached by conducting business as usual.

2. Insist that more people be held accountable for broader measures of business performance.

3. Put more honest discussions of the firm's problems in company newspapers and senior management speeches. Stop senior management happy talk.

4. Create a crisis by allowing a financial loss… or allowing errors to blow up instead of being corrected at the last minute.

5. Eliminate obvious examples of excess.

6. Send more data about customer satisfaction and financial performance to more employees, especially information that demonstrates weaknesses vis- à-vis the competition.

7. Insist that people talk regularly to unsatisfied customers, unhappy suppliers, and disgruntled shareholders.

8. Use consultants and other means to force more relevant data and honest discussion into management meetings.

9. Bombard people with information on future opportunities… and on the organization's current inability to pursue those opportunities (p. 44).

Leaders must create urgency. One of the ways he recommends is to set internal targets high and demand performance to those targets. A short time ago I raised this issue at a client's site. Later an employee approached me to say that setting high expectations doesn't always work, *"That is routinely done here and it tends to dampen urgency not foster it."* When I asked what happens if the CEO sets a high goal, and the results come in considerably short of the goal, he replied, *"Nothing."*

The lesson is a target must be a genuine stretch and there has to be urgency around changing the systems to achieve the goal. Going only halfway will backfire. Good employees recognize the futility about embracing the latest change effort, and will wait it out.

2. GUIDING COALITION

Kotter is talking about forming a top-level team to drive the changes. He gives numerous examples of how the organization will eventually be overwhelmed by change that comes from a single source, even if that source is the CEO. The senior leadership team must be all together in the endeavor to guide change.

"This last concern, about leadership, is particularly important. You need both management and leadership skills on the guiding coalition, and they must work in tandem, teamwork style. The former keeps the whole process under control, while the latter drives the change (p. 57)." Managers help to formulate the change plans, and this requires teamwork at the top.

3. VISION AND STRATEGY

Often a change process begins with the vision statement and as Kotter implies that is a couple of steps too late. Given that there is a sense of urgency among a significant number of managers and employees, and given that there is a top level coalition to guide the changes, an effective vision must be developed *"on why people should strive to create that future (p. 68)."* Consistent with other definitions of vision I have read, Kotter suggests that an effective vision is:

- Imaginable
- Desirable
- Feasible
- Focused
- Flexible
- Communicable

And who creates this vision? The first draft often starts with a single individual, perhaps the CEO. The final draft, however, is the result of a messy and potentially lengthy process of editing by the guiding coalition. The final test, according to Kotter, is that *"the process results in a direction for the future that is desirable, feasible, focused, flexible and is conveyable in five minutes or less (p. 81)."* While there may be pages of strategies and volumes of research and data to back up the vision, the vision that is communicated must be succinct

4. COMMUNICATION

My favorite piece from Kotter's book was, *"How much communication is enough?"* To paraphrase his example, the typical communication of a change initiative is about 13,400 words (one 30 minute speech, an hour long meeting and a couple of articles and memos) or just one-half percent of company communication is focused on a major change process (p. 89)!

Kotter posits this idea instead: *What if each of a firm's 25 executives commits to find 4 opportunities per day to tie formal or informal conversations back to the big picture?* This could be done during a performance review, an informal Q&A in the office or a formal presentation to the staff. *"The net result: twenty-five executives, four times a day, over six months equals more than 12,000 repeats (p. 94)."* This is 12,000 repeats versus the 2 meetings and 2 articles in the previous example. Given that most adults learn by repetition, which communication technique do you suppose is most effective?

5. EMPOWERING

The first 4 stages are about breaking the status quo, and leadership has a key role to play. The direction is set, the vision communicated— and often the change project is turned over to management at this point. Kotter's point is leadership must be relentless and stay involved to the bitter end. Stages 5-7 represent the formulation of new practices and behaviors that will make the change effort a reality.

Kotter's key message here is that *empowerment* is one of those over-used and little understood words. *Empowerment* means communicating the vision so people know where you are going, making the organization structures compatible with your vision, training people in new skills, and confronting supervisors and managers who undercut needed change (p. 115).

We have all heard definitions of *empowerment* that go like this: *Just get out of the way so the employees can do the job.* That is appealingly simple, but it is a cop-out. If compensation, evaluation and performance systems are all geared to revenue generation, but the change vision depends on teamwork, the company will get more revenue not more teamwork regardless of how *empowering* they become. If the people and the systems used to recruit and hire new employees ignore teamwork, then again the change effort will languish (pp. 110-111). Empowerment is a proactive act of leadership, not a passive stepping out of the way.

6. SHORT-TERM WINS

Targeting short-term results while embarked on a long-term process is well understood by most organizations. The real target of the short-term wins is the fence sitters and skeptical members of the leadership team or management ranks. Short-Term results are a way to buy more time and support for the long-term process changes. There is danger in this approach. Given mounting evidence of success and change, leadership may pull back and become less involved in the change effort. In fact, the successes are an aberration because the systems may not all be in place to support major change, and many people may still be skeptical that the changes are real, worth the cost or useful. If leadership backs off at this point, momentum will be lost and the old, more comfortable ways of the past will creep back in. Leadership must ride herd on the change effort through the bitter end.

7. PRODUCING MORE CHANGE

Leadership that stays in front of the change effort will focus on consolidating their gains and institutionalizing the change. Short-Term wins build a bank of trust and momentum for the change, leadership draws on that bank account to drive more and larger change projects.

8. CULTURE

Changing the culture is often seen as the starting point of a change effort. In fact, you cannot change the culture until the preceding seven steps have occurred. That is, there is a vision, which is understood by everyone, and they understand the urgency behind the change. Leadership is squarely behind the effort and has made sure that all systems are adjusted to support the change, people are trained and recalcitrant bosses and managers have been dealt with. Short-Term successes have been leveraged into major changes with significant results. Attitudes are changing and new norms and behaviors are taking hold. Clear results demonstrate even to the most cynical that the new methods are superior to the old, or the most resistant people are gone (p. 157). Cultural change is the result of a successful change effort. As Kotter writes, *"It is because such change is so difficult to bring about that the transformation process has eight stages instead of two or three, that it often takes so much time, and that it requires so much leadership from so many people (p. 158)."*

CONCLUSION

Kotter sees organizations of the future as being masters of the change process—urgency becomes a persistent force, widespread communication and team work at the top is the norm, empowerment is deep and broad based, management is challenged to produce short-term wins and long-term change, and organization cultures are flexible and adaptive. The alternative is a change model of haltingly slow change that accepts 2, 5 or 10% improvements as a standard for the new century as it was for most of this century. He closes the book, and I close this review with one question: *"And what do you think will be the consequences if you don't get there fast enough (p. 173)?"*

Are you ready to get on with it?

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