

Review

Leading Change: Why Transformational Efforts Fail *by John P Kotter*



About Review

Review is a new publication for Welsh NHS Confederation members that aims to provide a literature review of key texts and ideas in health and related fields written by leading edge thinkers from around the world.

Introduction

In his book *“Leading Change”*, John P Kotter, one of the world’s leading experts on business leadership, shared his experiences of the change process and the lessons he has learned from working with numerous businesses and organisations. Even 12 years on from initial publication, this is a very worthwhile read with plenty of helpful advice about dealing with the changes we face in the restructuring NHS Wales.

Common errors in leading change

In observing organisational change over several decades, Kotter has seen that whenever human communities are forced to adjust to shifting conditions, pain is ever present.

Some of the most common errors when transforming an organisation are:

- allowing too much complacency,
- failing to create a sufficiently powerful guiding coalition,
- underestimating the power of vision,
- under communicating the vision,
- permitting obstacles to block the new vision,
- failing to create short-term wins,
- declaring victory too soon,
- neglecting to anchor changes firmly in the corporate culture.

These errors can be mitigated and possibly avoided. The key lies in understanding why organisations resist needed change, the multi-step process to achieve it, and how leadership is critical to drive the process in a socially healthy way.

Kotter’s eight-stage process for avoiding errors in leading change

There are many factors necessitating organisational change, which create both hazards and opportunities for organisations. Useful change tends to be associated with a multi-step process that creates power and motivation significant to overwhelm all the sources of inertia, and is driven by high quality leadership, not just excellent management.

Kotter’s eight-stage process follows from the errors in leading change:

- establishing a sense of urgency,
- creating a guiding coalition,
- developing a vision and strategy,
- communicating the changed vision,
- empowering broad-base action,
- generating short-term wins,
- consolidating gains and producing more change,
- anchoring new approaches in culture.

It is important to go through all eight stages in sequence but normally one operates in multiple phases at once. A purely linear, analytical plan is likely to fail. There are many forces at work creating a dynamic, complex and messy environment. This is why leadership and not just management is so critical.

Management is a set of processes that can keep a complicated system of people and technology running smoothly. Leadership is a set of processes that create organisations in the first place or adapts them to significantly changing circumstances. Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles.

Establishing a sense of urgency

In the first stage of Kotter’s eight stage process - establishing a sense of urgency – he explains that completing this requires a great deal of cooperation, initiative, and a willingness to make sacrifices from many people.

A high level of complacency and a low sense of urgency constitute the two most significant impediments to change. The reasons why organisations experience complacency, despite the fact that they have highly intelligent and well-intentioned individuals include:

- Organisations often lack a visible crisis, and so employees fail to feel compelled to address problems within the organisation, though they do in fact exist.
- Organisations tend to lull themselves into a false sense of security with the mere affluence of the corporate headquarters. This environment serves to instill staff’s sense of success.

- Managers will measure themselves and the performance of others against low and easily attainable standards. Furthermore, these standards actually deceive staff as to the success of their results by failing to compare their results with those of others.
- Organisational structure may cause staff to focus on narrow functional goals of the department they are involved in, rather than establishing a sense of contribution to the overall performance of the business. So, employees may feel successful with their personal work but fail to realise that the performance of the organisation is declining.
- Internal performance feedback composes almost 100% of the feedback staff receive. Without crucial external feedback from outside stakeholders, they will never realise the reality of their performance.
- Those staff who do seek feedback from outside stakeholders and initiate honest discussions regarding organisation performance are admonished for inappropriate behaviour.
- The human tendency to deny what we don't want leads to suppression of problems and avoidance of the work necessary to address them.
- Senior managers often cultivate a lethal sense of staff's complacency through "happy talk". This serves to downplay problems and embellish success, ultimately fostering a false sense of security.

Overcoming complacency

Kotter provides advice on ways to overcome complacency through strong leadership. A leader must establish a crisis to cause employees to realise internal problems. This will involve:

- eliminating false signs of security,
- setting standards of achievement high enough that "business as usual" will not suffice,
- broadening functional goals and their measurement to encompass organisation goals,
- explicating the reality of performance through the use of candour and external feedback,
- increasing employee interaction with the customer, using external consultants for honest feedback,
- facilitating and encouraging honest discussions and eliminating "happy talk", and
- emphasising future opportunities and the incredible possibility of success in capitalising on those opportunities.

Successful coalitions

In order to set change in motion within an organisation, a strong guiding coalition is needed. The right composition of individuals, level of trust, and shared vision is critical to the success of this team. Furthermore, one strong leader alone cannot make change happen, and therefore, it is their

responsibility to build a team of people that can lead change.

For such a team to be successful it is crucial that its members share a sense of the problems, opportunities, and commitment to change. Importantly, these teams must possess significant credibility within the organisation in order to be effective. Kotter offers four steps necessary to put together a guiding coalition:

- **Position power:** does the team possess enough of the right individuals with the skills and influence to affect change?
- **Expertise:** does the team have the necessary level and diversity of expertise to produce intelligent, informed decisions?
- **Credibility:** does the group possess the credibility to influence the organisation and actualise change?
- **Leadership:** does the group include enough legitimate and respected leaders to lead the change process?

The two most critical characteristics of a successful team is the trust shared among its members and the sincerity of the commitment to a common goal. Kotter asserts that trust is fundamental to creating a shared objective. The most typical goal used to bind a team together is a commitment to excellence, and a strong, genuine desire to maximise the performance of the organisation.

Consequently, a strong leader is necessary with the ability to encourage people to transcend short-term parochial interests, and commit to furthering the excellence of the organisation. In short, to build a guiding coalition, you must find the right people, create trust, and develop a common goal.

Vision and communication

Kotter believes that there are three methods of trying to coerce people into changing their behavior in order to create a transformation within the organisation:

- authoritarian
- micromanagement
- vision.

Vision is the explanation of why a change is needed. Kotter believes that vision is a central component to all great leadership and that it is essential in breaking through the forces that support the status quo.

In order for change to take place there needs to be a shared sense of a desirable future. Two of the pitfalls identified by Kotter are under communication of the vision, and inconsistent messages. He describes the magnitude of the task and some of the human resistance factors that play into possible failure, and the internal struggle and doubt the guiding coalition has with change as one of the difficulties inherent to the process. There are many questions that the team has to answer in their own minds before they can effectively implement the change within the organisation - this takes a lot of time and communication.

He sees the seven key elements in the effective communication of vision as being:

- simplicity
- metaphor
- multiple forums
- repetition
- leadership by example
- explanation of seeming inconsistencies, and
- give-and-take.

Empowerment

Kotter believes that although the term empowerment is used widely (and maybe overused), the concept of empowerment cannot be overlooked when implementing change. He speaks of removing barriers to action that will help change and which can enable even the lowest level employees to participate in the change effort. As managers, we need to remove barriers to change by ensuring that our current structure does not hamper vision and therefore prevent change. By aligning our systems with our vision, the change process can be a more efficient and less timely process.

It is also important to understand that education allows for the actual empowering of employees instead of just telling them they are “empowered”.

Short and long term wins

As far as creating short-term wins in change, Kotter says that they allow a better chance of actually completing the change effort. But these short-term wins are only effective if they are visible to many, their terms are unambiguous, and the success is closely related to the change effort.

A success generated to meet these requirements creates excitement, certainty, momentum, and serves also to answer critics. Planning for results rather than praying for results is the key, as is the difference between “gimmick wins” and actual short-term successes. While Kotter believes that short-term gimmicks can have short-term effect, he asserts managers must take care not to damage the future of the organisation in order to provide short-term wins.

In seeking long-term changes in organisations, one of the main problems they may create is claiming success too soon. Chief executives and senior managers can derail change initiatives by celebrating small successes too much. While celebrating small achievements is important in any change process, too much emphasis on them will produce a false sense of security.

Kotter outlines five steps for success in change programmes:

- introduce even more and harder changes in the organisation,
- bring in more help to ensure the programme’s success,
- ensure senior managers continue to provide a strong

focus on the purpose of the change,

- decentralise projects to enable leaders to focus on the specific projects that will give them a better chance of success,
- eliminate unnecessary interdependencies in the organisation.

Corporate Culture

Kotter considers the perils of not changing the culture as well as his method of achieving it. In any organisation the traditional practices it may cling to tend to become more like living organisms rather than an ideology and are difficult to change. However, failing to face up to this risks failure.

The real key to lasting change is not just in vision or mission statements or even training manuals, but in changing the corporate culture itself. Kotter looks at corporate culture as being made up of both the norms of group behavior and the shared values of an organisation. These range from the hard to change to the very hard to change, based primarily on their relative visibility. That is to say that it is easier to change the way an organisation reacts to a customer request than it is to alter management’s view of quality versus quantity. In this respect he sees three reasons why culture is difficult to change:

- individuals are selected and indoctrinated so well,
- the culture exerts itself through the actions of hundreds or thousands of people,
- all of this happens without much conscious intent and is thus difficult to challenge or even discuss.

To deal with these issues, Kotter suggests treating them like what they seem to be; living things and, as such, there is a time for them to die. Like a dearly departed friend, old policies have to be given due credit for what they did, but then the job is to show how the new ones are better.

Kotter’s view is that the cultural change must come last and not first. To try and put the culture in limbo first and then change the system is to put the entire organisation at great risk, too many negatives can creep in along with it. Instead, he says, it is better to go in and articulate what must be changed, implement the changes, and then alter the culture around that.

In summary he offers these tips to remember when anchoring change in the culture, it:

- comes last not first
- is dependent on results
- will require a lot of talk
- may involve turnover
- makes decisions on succession crucial.

With the many changes occurring in the world today,

Kotter acknowledges the difficulty of predicting where the organisations of the future are headed. He, however, does affirm that they must possess certain fundamental characteristics if they intend to survive in the future. One such trait is a distinct organisation-wide sense of urgency. He describes the necessity of future organisations to eliminate complacency. They will be forced to make changes often, and a sense of urgency is the best tool to counter complacency and it often allows employees to better cope with frequent change.

Teamwork

Another essential attribute is higher level cooperation or "teamwork at the top". It is no secret that when the essential members of an organisation work together, it is easier to get the enterprise moving in the right direction and successfully implement change. These individuals must also be able to effectively build and communicate vision. When the senior managers of an organisation are consistently working as a team, as well as acting upon a well-developed and well-communicated vision, it is much more likely that their staff will follow their example.

Kotter emphasises the importance of broad-based empowerment and delegated management. Time is a valuable commodity, and the likelihood that future organisations will have such a luxury is slim. A broad leadership base coupled with effective delegation will make communication and decision-making much faster and more efficient.

He also asserts the overwhelming importance of corporate adaptability. A need for change is not always predictable, and in the modern fast-paced world, it will be necessary for organisations to remain flexible and ready to implement change.

The desire to further one's education throughout the duration of life is a key ingredient to maximising potential. There are five key characteristics exhibited by life-long learners:

- the propensity to take risk
- humble self-reflection
- aggressive solicitation of opinions from others
- careful listening and
- openness to new ideas.

Through the use of these techniques, life-long learners are able to fully exploit the benefits of compound learning and eventually become the transformational leaders that they seek to be.

Recommended further reading

You can go further into John Kotter's ideas by reading one of the following:

The Article: "*Leading Change: Why Transformation Efforts Fail*" by John Kotter. Harvard Business Review, March-April 1995.

The Book: "*Leading Change*" by John Kotter. Harvard Business School Press, 1996.

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