

KEYWORD(S): Creating Change

DISCUSSION POINTS:

What is the goal of transformation?

“The basic goal has been the same: to make fundamental changes in how business is conducted in order to help cope with a new, more challenging market environment.”

What are the stages of transformation? How actions are needed to be successful? What are the common pitfalls at each stage?

- *Stage 1: Establish a sense of urgency*
 - Examine market and competitive realities for potential crises and untapped opportunities.
 - Convince at least 75% of your managers that the status quo is more dangerous than the unknown.
 - Underestimating the difficulty of driving people from their comfort zones
 - Becoming paralyzed by risks
- *Stage 2: Form a powerful guiding coalition*
 - Assemble a group with shared commitment and enough power to lead the change effort.
 - Encourage them to work as a team outside the normal hierarchy.
 - No prior experience in teamwork at the top
 - Relegating team leadership to an HR, quality, or strategic-planning executive rather than a senior line manager
- *Stage 3: Create a vision*
 - Create a vision to direct the change effort.
 - Develop strategies for realizing that vision.
 - Presenting a vision that's too complicated or vague to be communicated in five minutes
- *Stage 4: Communicating the vision*
 - Use every vehicle possible to communicate the new vision and strategies for achieving it.
 - Teach new behaviors by the example of the guiding coalition.
 - Under communicating the vision
 - Behaving in ways antithetical to the vision
- *Stage 5: Empower others to act on the vision*
 - Remove or alter systems or structures undermining the vision.
 - Encourage risk taking and nontraditional ideas, activities, and actions.
 - Failing to remove powerful individuals who resist the change effort.
- *Stage 6: Plan for and create short-term wins*
 - Define and engineer visible performance improvements.
 - Recognize and reward employees contributing to those improvements.
 - Leaving short-term successes up to chance
 - Failing to score successes early enough (12-24 months into the change effort)
- *Stage 7: Consolidate improvements and produce more change*

- Use increased credibility from early wins to change systems, structures, and policies undermining the vision.
- Hire, promote, and develop employees who can implement the vision.
- Reinvigorate the change process with new projects and change agents.
 - Declaring victory too soon—with the first performance improvement
 - Allowing resisters to convince “troops” that the war has been won
- *Stage 8: Institutionalize new approaches*
 - Articulate connections between new behaviors and corporate success.
 - Create leadership development and succession plans consistent with the new approach.
 - Not creating new social norms and shared values consistent with changes
 - Promoting people into leadership positions who don’t personify the new approach

TAKE HOME POINT: “There are still more mistakes that people make... even successful change efforts are messy and full of surprises. But just as a relatively simple vision is needed to guide people through a major change, so a vision of the change process can reduce the error rate. And fewer errors can spell the difference between success and failure.”

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