

Leading Change

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John P. Kotter

Leading Change, With a New Preface by the Author

★★★★★ (2,333)



The International Bestseller, with a New Preface by the Author

LEADING
CHANGE



JOHN P.
KOTTER

Part I The Change Problem and Its Solution

1	<u>Transforming Organizations: Why Firms Fail</u>	3
2	<u>Successful Change and the Force That Drives It</u>	19

Part II The Eight-Stage Process

3	<u>Establishing a Sense of Urgency</u>	37
4	<u>Creating the Guiding Coalition</u>	53
5	<u>Developing a Vision and Strategy</u>	69
6	Communicating the Change Vision	87
7	<u>Empowering Employees for Broad-Based Action</u>	105
8	Generating Short-Term Wins	121
9	Consolidating Gains and Producing More Change	137
10	<u>Anchoring New Approaches in the Culture</u>	153

Part III Implications for the Twenty-First Century

11	<u>The Organization of the Future</u>	169
12	Leadership and Lifelong Learning	183

Transforming Organizations: Why Firms Fail

By any objective measure, the amount of significant, often traumatic, change in organizations has grown tremendously over the past two decades. Although some people predict that most of the reengineering, restrategizing, mergers, downsizing, quality efforts, and cultural renewal projects will soon disappear, I think that is highly unlikely. Powerful macroeconomic forces are at work here, and these forces may grow even stronger over the next few decades. As a result, more and more organizations will be pushed to reduce costs, improve the quality of products and services, locate new opportunities for growth, and increase productivity.

To date, major change efforts have helped some organizations adapt significantly to shifting conditions, have improved the competitive standing of others, and have positioned a few for a far better

future. But in too many situations the improvements have been disappointing and the carnage has been appalling, with wasted resources and burned-out, scared, or frustrated employees.

To some degree, the downside of **change** is inevitable. Whenever human communities are forced to adjust to shifting conditions, pain is ever present. But a significant amount of the waste and anguish we've witnessed in the past decade *is* avoidable. We've made a lot of errors, the most common of which are these.

The Eight Mistakes

None of these **change** errors would be that costly in a slower-moving and less competitive world. Handling new initiatives quickly is not an essential component of success in relatively stable or cartel-like environments. The problem for us today is that stability is no longer the norm. And most experts agree that over the next few decades the business environment will become only more volatile.

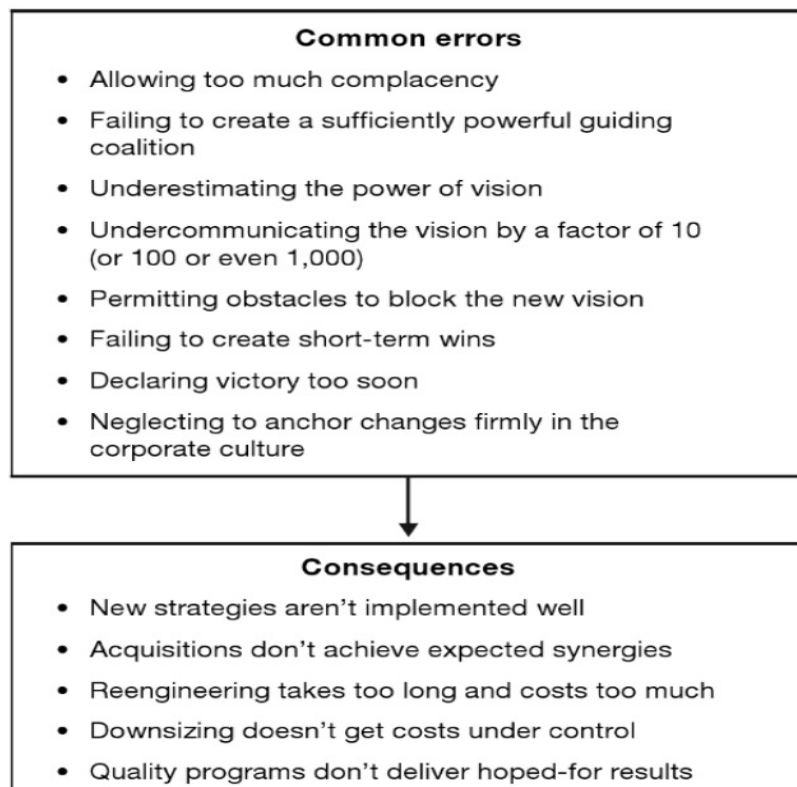
Making any of the eight errors common to transformation efforts can have serious consequences (see figure 1-1). In slowing down the new initiatives, creating unnecessary resistance, frus-

trating employees endlessly, and sometimes completely stifling needed **change**, any of these errors could cause an organization to fail to offer the products or services people want at prices they can afford. Budgets are then squeezed, people are laid off, and those who remain are put under great stress. The impact on families and communities can be devastating. As I write this, the fear factor generated by this disturbing activity is even finding its way into presidential politics.

These errors are not inevitable. With awareness and skill, they can be avoided or at least greatly mitigated. The key lies in understanding why organizations resist needed **change**, what exactly is the multistage process that can overcome destructive inertia, and, most of all, how the leadership that is required to drive that process in a socially healthy way means more than good management.

FIGURE 1-1

Eight errors common to organizational **change efforts and their consequences**

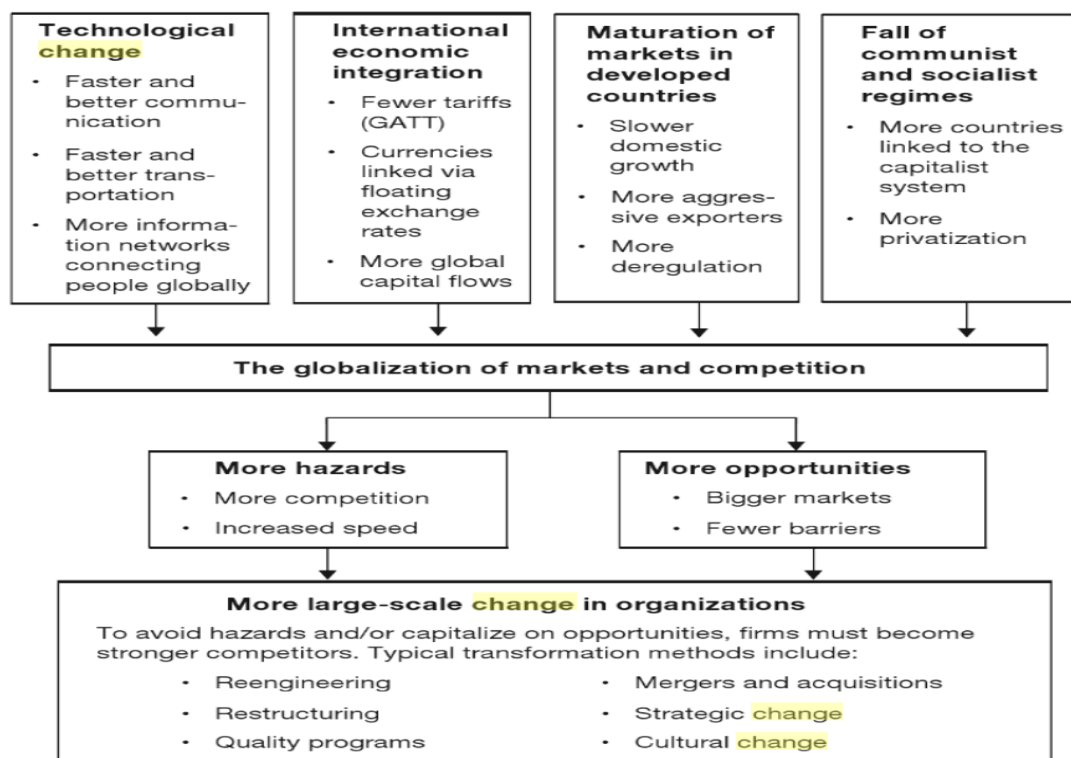


Successful Change and the Force That Drives It

People who have been through difficult, painful, and not very successful change efforts often end up drawing both pessimistic and angry conclusions. They become suspicious of the motives of those pushing for transformation; they worry that major change is not possible without carnage; they fear that the boss is a monster or that much of the management is incompetent. After watching dozens of efforts to enhance organizational performance via restructuring, reengineering, quality programs, mergers and acquisitions, cultural renewal, downsizing, and strategic redirection, I draw a different conclusion. Available evidence shows that most public and private organizations can be significantly improved, at an acceptable cost, but that we often make terrible mistakes when we try because history has simply not prepared us for transformational challenges.

FIGURE 2-1

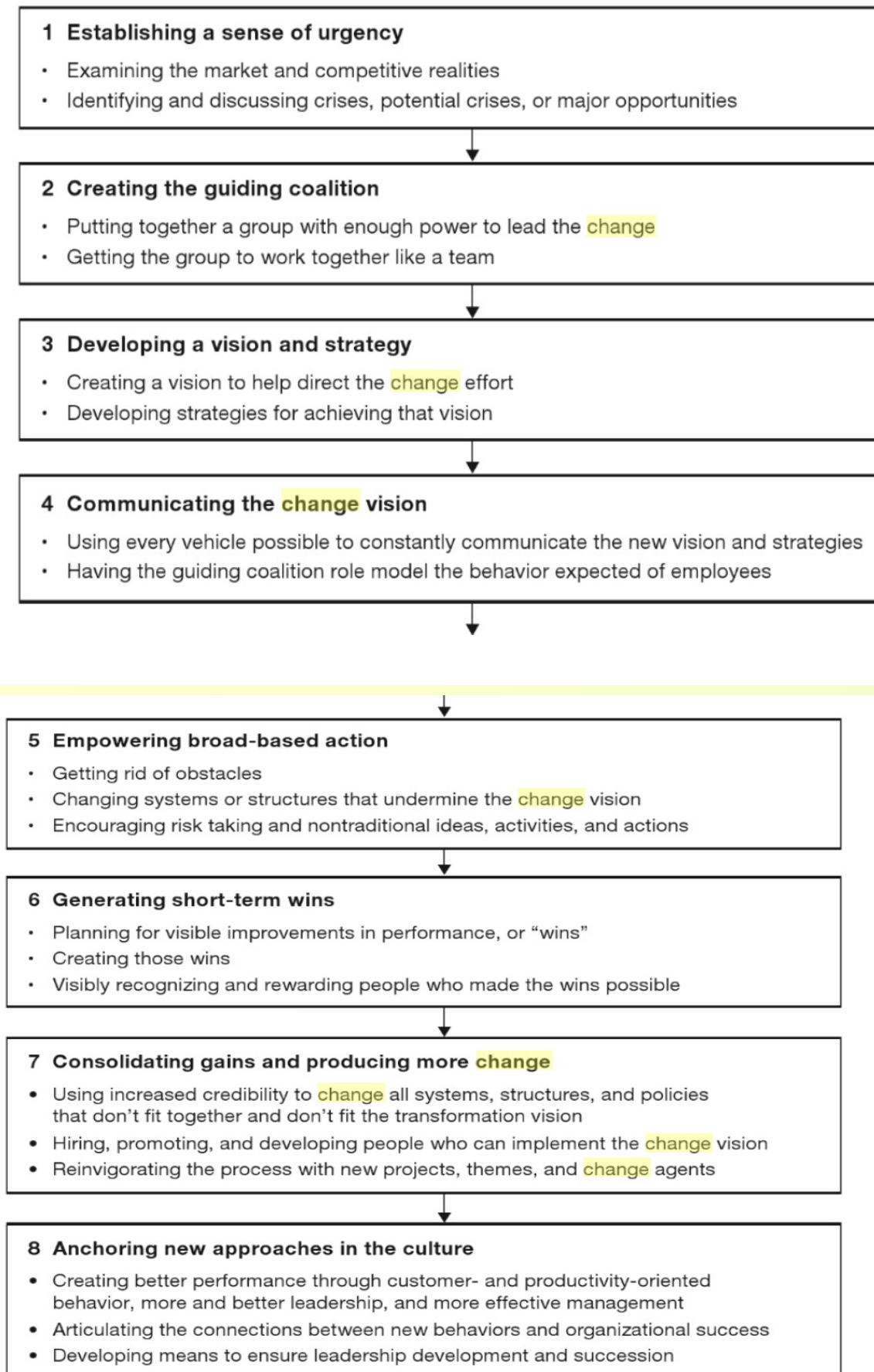
Economic and social forces driving the need for major change in organizations



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FIGURE 2-2

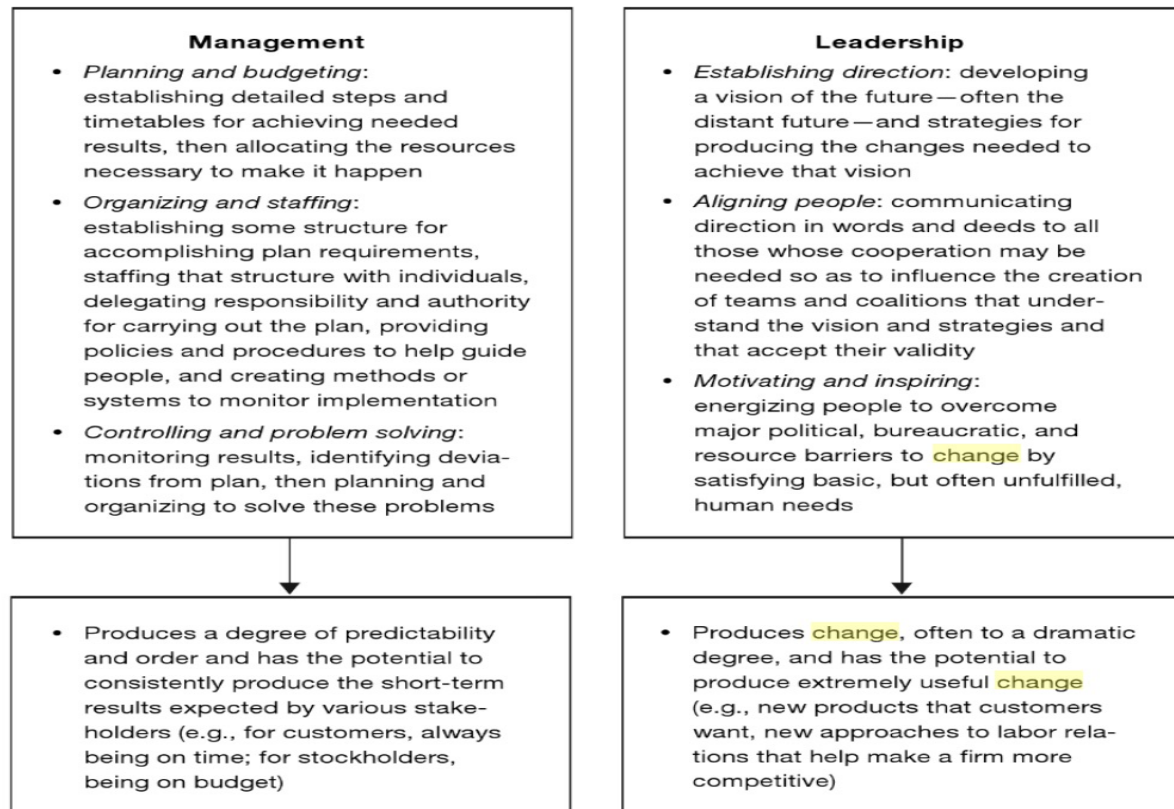
The eight-stage process of creating major change



Source: Adapted from John P. Kotter, "Why Transformation Efforts Fail," *Harvard Business Review* (March–April 1995): 61. Reprinted with permission.

FIGURE 2-3

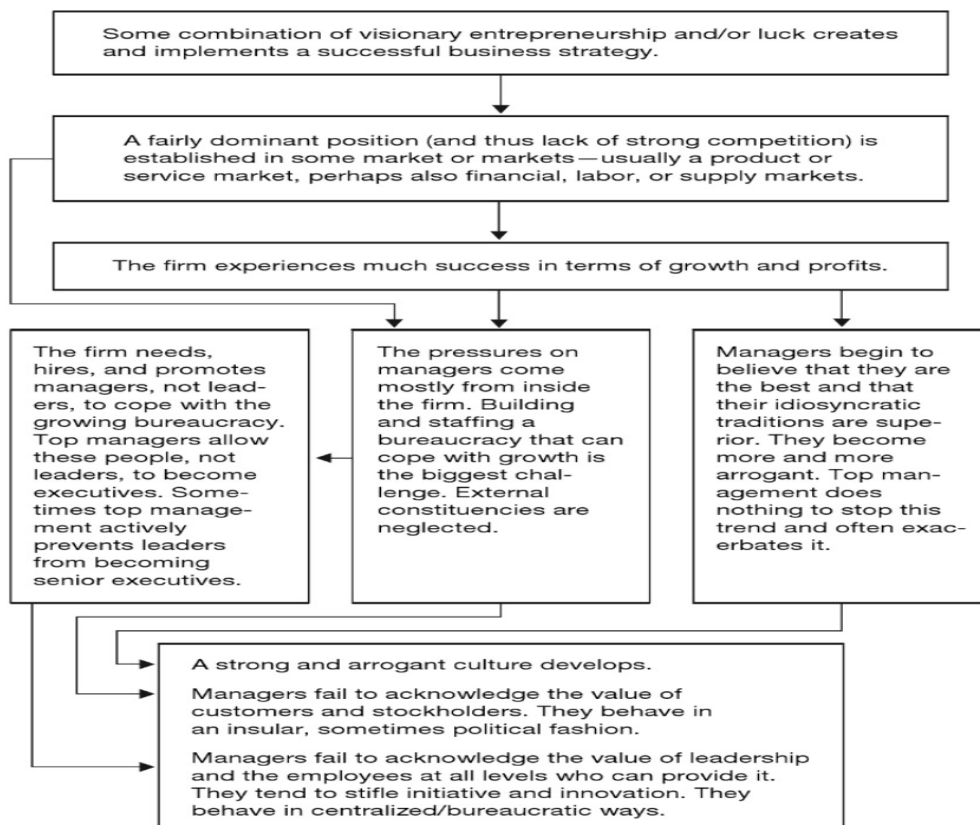
Management versus leadership



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FIGURE 2-4

The creation of an overmanaged, underled corporate culture



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