

3 Things You're Getting Wrong About Organizational Change

By [Nadya Zhexembayeva](#)

[Nadya Zhexembayeva](#) is a former Coca-Cola Chaired Professor of Sustainable Development at [IEDC-Bled School of Management](#), an executive education center in Slovenia, and the Chief Reinvention Officer of [WE EXIST Reinvention Agency](#), a U.S.-based boutique consultancy firm.

For the last few years, we've been conducting a regular change survey with our clients. In 2018, out of over 2,000 managers participating, 47% [reported](#) that in order to survive, they needed to reinvent their businesses every three years or less. Data from 2020 [is still coming in](#), but the first 500 respondents show that the number has jumped to 58%.

That should come as no surprise, given the deep interconnections that come with participating in a global economy. The World Economic Forum's [2019 Global Risk Report](#) has mapped out 30 critical risks across five categories — economic, environmental, geopolitical, societal, and technological — and showed the interconnections between them. The spread of infectious disease was one of the top-10. Covid-19 (or something like it) was fully anticipated, and many other projected disruptions will likely come to pass, too.

The trouble is that although we recognize and may even anticipate the risks, we are not good at adapting to them. Two decades ago, in [an article](#) in this very publication Nitin Nohria and Michael Beer observed that “about 70% of all change initiatives fail.” Today, [according to global consulting firm BCG](#), we've actually gotten worse at it: “75% of transformation efforts don't deliver the hoped-for results.”

Small wonder, then, that companies don't seem to stay successful for very long anymore. The [2018 Corporate Longevity Forecast](#) conducted by Innosight showed that in 1964, S&P 500 companies would stay on the list for an average of 33 years. It “narrowed to 24 years by 2016 and is forecast to shrink to just 12 years by 2027.”

This suggests that there's something profoundly wrong with some of our basic assumptions about how change works. My own experience dealing with clients suggests that many of our change failures come from our three very basic, ingrained assumption about what works. It's by flipping these assumptions that we get results.

Flip #1 From: *Follow Best Practices* To: *Share Your Failures*

Modern management has always had a thing for “best practices.” In classrooms and boardrooms alike, managers use benchmarks and role models to drive and direct change. New research suggests a better way forward.

Scientists from the Kellogg School of Management in the U.S. [ran a series of experiments](#) to see what kind of warm-up leads to a better, more productive brainstorming session. In one such experiment, managers were put together into small teams to generate unusual uses for a cardboard box. Prior to brainstorming, however, half of the groups were instructed to share an embarrassing moment from the past six months, and the others half to share a proud one. “The results were clear: teams that shared embarrassing stories generated 26 percent more ideas than groups that shared stories of pride... The teams that shared embarrassing stories also generated a wider range of ideas, spanning 15 percent more categories.”

Aside from increasing creativity, sharing failures also strengthens a team. In his now [classic 1988 paper](#), professor Abraham Tesser shows that [seeing others outperform us often threatens our self-esteem](#) — while the palpable vulnerability demonstrated by people sharing embarrassing stories about themselves helps people to connect more.

So, if you are hit with a particular disruption and trying to get new ideas to help your company adapt to this change, run an “embarrassment warm-up” before your next meeting — so that both quantity and quality of the ideas get better and our connections within the team grow stronger.

A few months ago, I ran this short warm-up with a group of senior manufacturing executives, and even with the scientific framing, there was definitely an uncomfortable pause before the first person stepped in. But once we broke the seal, the feeling of collective relief was palpable. Suddenly, we did not have to be on our best behavior, trying to impress or compete. We could actually explore new uncharted waters – and have a bit of laugh while we were at it.

Flip #2 From: *If It Ain't Broke Don't Fix It* To: *Fix It Anyway*

Resistance to change has long been cited as one of the key reasons why companies fail to adapt on time — and I have [already spoken](#) about the research that confirms how few employees are ready to take risks needed to reinvent (between 11% and 19%), especially when the need for change is not immediately apparent.

So what can we do about that?

The tried and tested technique is scenario and contingency planning — but its use has declined significantly in recent years, from [65% of companies](#) using it in 2011 to [only 19%](#) in 2018. The problem may be that it's a pretty intensive undertaking: I am often asked by my executive education students for a lighter and more accessible version of a scenario planning — something that would work less like a regimented top-down military drill and more like an engaging open-ended bottom-up exploration that can turn even the most active change skeptics around.

One approach that might fit the bill is the “Kill Our Company” exercise. You bring together a diverse group of employees (and occasionally engage suppliers, customers, and young students), divide them into groups, and ask to brainstorm the most effective and efficient ways to kill the very company they are assembled by.

At the end of a typical “Kill Our Company” day, the range of diverse ideas of how to kill (and save) the company is matched only by people’s willingness to change in order to avoid the unfortunate fate. Lisa Bodell [reports](#) that “the first time HBO did this exercise, it generated three pages of tactics that a top competitor could use to destroy its network. An American mining company runs this exercise regularly to protect itself against both competitive and market forces. A city council in Texas even repurposed it as Kill the Community to identify and address potential threats to their city.”

Flip #3: From: *Control Your Assets* To: *Share Your Assets*

Firms typically own or lease resources they use to create value, often locking up cash in assets that they don’t use all the time. This is particularly true of firms operating in B2B markets. The trouble is that when times are volatile, they feel the lack of the cash – and that’s where asset sharing comes in.

The idea of sharing underused assets has been with us for a while — and has spawned some very successful consumer businesses, from Airbnb to BlaBlaCar, which essentially allow private individuals to make money out of assets that they are not using all the time. More recent examples include TULU, which [helps](#) people who live in apartment complexes share household items (such as KitchenAid mixers, vacuum cleaners, and air mattresses) within their building.

There is no question that businesses have some unused capacity as well, so why not share it with other businesses — even with competitors — and save some money, decrease your environmental footprint, and increase your flexibility in the process?

Werflink in Belgium did exactly that — building [a public asset sharing platform](#) for the construction sector. V-Industry in Germany focuses on [asset sharing in manufacturing](#) — allowing anyone to access unused production facilities in an easy way. Asset sharing can start with a small internal effort: WinWin is [a private asset sharing](#) platform by Albert Schweitzer Hospital in Holland, which enables the sharing of equipment, facilities, stock, and personnel between different departments of the hospital. It’s not hard to imagine that it could bring in other hospitals as well.

Whether it’s through running a low-cost “embarrassment warm-up” or exploring a more complex idea of asset sharing, one thing is clear: to survive and thrive in a risky, interconnected world of constant flux, you have to make “adaptability” a part of daily life. And this is not a project you do once, like building a forever home. It’s much more like a being a child who’s growing up all the time: your body and the way your brain works change every year that passes. And in my book, staying in the perpetual state of child-like openness, growth, and renewal sounds exactly like what we need right now.