

Leading Change

New Preface, November 2012

“Management makes a system work. It helps you do what you know how to do. Leadership builds systems or transforms old ones.” p. vii

“It is impossible to overstate the severity of the challenges caused by an inadequate or unaligned sense of urgency.” p. viii

Preface

“A purely managerial mindset inevitably fails, regardless of the quality of people involved.” p. xii

The Change Problem and Its Solution – Transforming Organizations: Why Firms Fail

“Whenever human communities are forced to adjust to shifting conditions, pain is ever present.” p. 4

“Transformations always fail to achieve their objective when complacency levels are high.” p. 4

“Smart individuals fail to create sufficient urgency at the beginning of a business transformation for many different but interrelated reasons.

- They overestimate how much they can force big changes on an organization.
- They underestimate how hard it is to drive people out of their comfort zones.
- They don't recognize how their own actions can inadvertently reinforce the status quo.
- They lack patience: ‘Enough with the preliminaries, let's get on with it.’
- They become paralyzed by the downside possibilities associated with reducing complacency: people becoming defensive, morale and short-term results slipping.
- They confuse urgency with anxiety and by driving up the latter they push people even deeper into their foxholes and create even more resistance to change.” p. 5

“Individuals alone, no matter how competent or charismatic, never have all the assets needed to overcome tradition and inertia except in very small organizations. Weak committees are usually even less effective.” p. 6

“In the behind-the-scenes struggle between a single executive or a weak committee and tradition, short-term self-interest, and the like, the latter almost always win. They prevent structural change from producing needed behavior change. They kill reengineering in the form of passive resistance from employees and managers. They turn quality programs into sources of more bureaucracy instead of customer satisfaction.” p. 6

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“No matter how capable or dedicated the staff head, guiding coalitions without strong line leadership never seem to achieve the power that is required to overcome what are often massive sources of inertia.” p. 7

“Without a vision to guide decision making, each and every choice employees face can dissolve into an interminable debate. The smallest of decisions can generate heated conflict that saps energy and destroys morale. Insignificant tactical choices can dominate discussions and waste hours of precious time.” p. 8

“Whenever you cannot describe the vision driving a change initiative in five minutes or less and get a reaction that signifies both understanding and interest, you are in for trouble.” p. 9

“Major change is usually impossible unless most employees are willing to help, often to the point of making short-term sacrifices.” p. 9

“Three patterns of ineffective communication are common, all driven by habits developed in more stable times.

1. In the first, a group actually develops a pretty good transformation vision and then proceeds to sell it by holding only a few meetings or sending out only a few memos. Its members, thus having used only the smallest fraction of the yearly intracompany communication, react with astonishment when people don't seem to understand the new approach.
2. In the second pattern, the head of the organization spends a considerable amount of time making speeches to employee groups, but most of her managers are virtually silent. Here vision captures more of the total yearly communication than in the first case, but the volume is still woefully inadequate.
3. In the third pattern, much more effort goes into newsletters and speeches, but some highly visible individuals still behave in ways that are antithetical to the vision, and the net result is that cynicism among the troops goes up while belief in the new message goes down.” p. 9

“Communication comes in both words and deeds. The latter is generally the most powerful form. Nothing undermines change more than behavior by important individuals that is inconsistent with the verbal communication.” p. 10

“New initiatives fail far too often when employees, even though they embrace a new vision, feel disempowered by huge obstacles in their paths. Occasionally, the roadblocks are only in people's heads and the challenge is to convince them that no external barriers exist. But in many cases, the blockers are very real.” p. 10

“One well-placed blocker can stop an entire change effort.” p. 11

“Whenever smart and well-intentioned people avoid confronting obstacles, they disempower employees and undermine change.” p. 11

“In a successful transformation, managers actively look for ways to obtain clear performance improvements, establish goals in the yearly planning system, achieve these objectives, and reward the people involved with recognition, promotions, or money.” p. 12

“Commitments to produce short-term wins can help keep complacency down and encourage the detailed analytical thinking that can usefully clarify or revise transformational visions.” p. 13

“Until changes sink down deeply into the culture, which for an entire company can take three to ten years, new approaches are fragile and subject to regression.” p. 13

Declaring victory too soon - “Typically, the problems start early in the process; the urgency level is not intense enough, the guiding coalition is not powerful enough, the vision is not clear enough. But the premature victory celebration stops all momentum.” p. 14

“Change sticks only when it becomes ‘the way we do things around here.’ Until new behaviors are rooted in social norms and shared values, they are always subject to degradation as soon as the pressures associated with a change effort are removed.” p. 14

“One bad succession decision at the top of an organization can undermine a decade of hard work.” p. 15

Successful Change and the Force That Drives It

“A globalized economy is creating both more hazards and more opportunities for everyone, forcing firms to make dramatic improvements not only to compete and prosper but also to merely to survive.” p. 20

“First, useful change tends to be associated with a multistep process that creates power and motivation sufficient to overwhelm all the sources of inertia. Second, this process is never employed effectively unless it is driven by high-quality leadership, not just excellent management.” p. 22

Eight-Stage Process of Creating Major Change – Figure 2.2 p. 23

1. Establishing a sense of urgency
 - a. Examining the market and competitive realities
 - b. Identifying and discussing crises, potential crises, or major opportunities
2. Creating the guiding coalition
 - a. Putting together a group with enough power to lead the change
 - b. Getting the group to work together like a team
3. Developing a vision and strategy
 - a. Creating a vision to help direct the change effort

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- b. Developing strategies for achieving that vision
4. Communicating the change vision
 - a. Using every vehicle possible to constantly communicate the new vision and strategies
 - b. Having the guiding coalition role model the behavior expected of employees
5. Empowering broad-based action
 - a. Getting rid of obstacles
 - b. Changing systems or structures that undermine the change vision
 - c. Encouraging risk taking and nontraditional ideas, activities, and actions
6. Generating short-term wins
 - a. Planning for visible improvements in performance, or “wins”
 - b. Creating those wins
 - c. Visibly recognizing and rewarding people who made the wins possible
7. Consolidating gains and producing more change
 - a. Using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision
 - b. Hiring, promoting, and developing people who can implement the change vision
 - c. Reinvigorating the process with new projects, themes, and change agents
8. Anchoring new approaches in the culture
 - a. Creating better performance through customer – and productivity-oriented behavior, more and better leadership, and more effective management
 - b. Articulating the connections between new behaviors and organizational success
 - c. Developing means to ensure leadership development and succession

“Most major change initiatives are made up of a number of smaller projects that also tend to go through the multistep process.” p. 27

“Management is a set of processes that can keep a complicated system of people and technology running smoothly. The most important aspects of management include planning, budgeting, organizing, staffing, controlling, and problem solving.” p. 28

“Leadership is a set of processes that creates organizations 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 inspire them to make it happen despite the obstacles.” p. 28

Twentieth Century - “For every entrepreneur or business builder who was a leader, we needed hundreds of managers to run their ever-growing enterprises.” p. 29

“Today, this emphasis on management has often been institutionalized in corporate cultures that discourage employees from learning how to read. Arrogant managers can overevaluate their current performance and competitive position, listen poorly, and learn slowly. Bureaucratic

cultures can smother those who want to respond to shifting conditions. And the lack of leadership leaves no force inside these organizations to break out of morass.” p. 20

“Sources of complacency are rarely attacked adequately because urgency is not an issue for people who have been asked all their lives merely to maintain the current system like a softly humming Swiss watch.” p. 30

“Efforts to effect change that are overmanaged and underled also tend to try to eliminate the inherent messiness of transformation.” p. 32

“Only leadership can blast through the many sources of corporate inertia. Only leadership can motivate the action needed to alter behavior in any significant way. Only leadership can get change to stick by anchoring it in the very culture of an organization.” p. 33

“What do you think we would find if we searched all the documents produced in your organization in the last twelve months while looking for two phrases: ‘managing change’ and ‘leading change’?” p. 34

The Eight-Stage Process – Establishing a Sense of Urgency

“People will find a thousand ingenious ways to withhold cooperation from a process that they sincerely think is unnecessary or wrongheaded.” p. 38

“A good rule of thumb in a major change effort is: Never underestimate the magnitude of the forces that reinforce complacency and that help maintain the status quo.” p. 44

“Creating a strong sense of urgency usually demands bold or even risky actions that we normally associate with good leadership.” p. 45

- “Bold means cleaning up the balance sheet and creating a huge loss for the quarter.
- Or selling corporate headquarters and moving into a building that looks more like a battle command center.”
- Or telling all your businesses that they have twenty-four months to become first or second in their markets, with the penalty for failure being divestiture or closure.
- Or making 50 percent of the pay for the top ten officers based on tough product-quality targets for the whole organization.
- Or hiring consultants to gather and then force discussion of honest information at meetings, even though you know that such a strategy will upset some people greatly.” p. 45

“It is not a coincidence that transformations often start when a new person is placed in a key role, someone who does not have to defend his or her past actions.” p. 46

“Bold moves that reduce complacency tend to increase conflict and to create anxiety, at least at first. Real leaders take action because they have confidence that the forces unleashed can be directed to achieve important ends.” p. 46

“Because they have the power, senior executives are usually the key players in reducing the forces of inertia. But not always. Occasionally a brave and competent soul at the middle or lower level in the hierarchy is instrumental in creating the conditions that can support a transformation.” p. 49

“If everyone in senior management is a cautious manager committed to the status quo, a brave revolutionary down below will always fail.” p. 50

“For those in middle management who cannot find a way to help push up the urgency level in a firm that needs change but in which senior management is not providing the necessary leadership, a smart career decision may be to move elsewhere.” p. 50

“One of the many problems in complacent organizations is that rigidity and conservatism make learning difficult.” p. 50

“A majority of employees, perhaps 75 percent of management overall, and virtually all of the top executives need to believe that considerable change is absolutely essential.” p. 51

“Ask well-informed customers, suppliers, or stockholders what they think. The point is to counteract insider myopia with external data. In a fast-moving world, insider myopia can be deadly.” p. 52

Creating the Guiding Coalition

“Because major change is so difficult to accomplish, a powerful force is required to sustain the process. No one individual, even a monarch-like CEO, is ever able to develop the right vision, communicate it to large numbers of people, eliminate all the key obstacles, generate short-term wins, lead and manage dozens of change projects, and anchor new approaches deep in the organization’s culture.” p.53

“A strong guiding coalition is always needed – one with the right composition, level of trust, and shared objective.” p. 54

“In a less competitive and slower-moving world, weak committees can help organizations adapt at an acceptable rate. But in a faster-moving world, the weak committee always fails.” p. 57

“In a rapidly moving world, individuals and weak committees rarely have all the information needed to make good nonroutine decisions. Nor do they seem to have the credibility or the time required to convince others to make the personal sacrifices called for in implementing changes.” p. 57

“A guiding coalition that operates as an effective team can process more information, more quickly. It can also speed the implementation of new approaches because powerful people are truly informed and committed to key decisions.” p. 58

“So why don't managers use teams more often to help produce change? To some degree, a conflict of interest is involved. Teams aren't promoted, individuals are, and individuals need unambiguous track records to advance their careers.” p. 58

“A managerial mindset will develop plans, not vision; it will vastly undercommunicate the need for and direction of change; and it will control rather than empower people.” p. 61

“Missing leadership is generally addressed in three ways: (1) people are brought in from outside the firm, (2) employees who know how to lead are promoted from within, or (3) employees who hold positions requiring leadership, but who rarely lead, are encouraged to accept the challenge.” p. 61

“Never forget: A guiding coalition made up only of managers – even superb managers who are wonderful people – will cause major change efforts to fail.” p. 61

“Two types of individuals should be avoided at all costs when putting together a guiding coalition.

1. The first have egos that fill up a room, leaving no space for anybody else.
2. The second are what I call snakes, people who create enough mistrust to kill teamwork.” p. 61

“Snakes and big egos can be extremely intelligent, motivated, and productive in certain ways. As such, they can get promoted to senior management positions and be logical candidates for a guiding coalition. Smart change agents seem to be skilled at spotting these people and keeping them off the team.” p. 62

“Personnel problems that can be ignored during easy times can cause serious trouble in a tougher, faster-moving, globalizing economy.” p. 63

“When trust is present, you will usually be able to create teamwork. When it is missing, you won't.” p. 63

“When people fail to develop the coalition needed to guide change, the most common reason is that down deep they really don't think a transformation is necessary or they don't think a strong team is needed to direct the change.” p. 67

“Beyond trust, the element crucial to teamwork seems to be a common goal. Only when all the members of a guiding coalition deeply want to achieve the same objective does real teamwork become feasible.” p. 67

“Trust helps enormously in creating a shared objective. One of the main reasons people are not committed to overall excellence is that they don’t really trust other departments, divisions, or even fellow executives.” p. 67

“It [powerful team] will have the potential, at least, to do the hard work involved in creating the necessary vision, communicating the vision widely, empowering a broad base of people to take action, ensuring credibility, building short-term wins, leading and managing dozens of different change projects, and anchoring the new approaches in the organizations culture.” p. 68

Developing a Vision and Strategy

“Without the power of kings and queens behind it, authoritarianism is unlikely to break through all the forces of resistance. People will ignore you or pretend to cooperate while doing everything possible to undermine your efforts.” p. 70

“Micromanagement tries to get around this problem by specifying what employees should do in detail and then monitoring compliance. This tactic can break through some of the barriers to change, but in an increasingly unacceptable amount of time.” p. 70

“Vision refers to a picture of the future with some implicit or explicit commentary on why people should strive to create that future.

1. First, by clarifying the general direction for change.
2. Second, it motivates people to take action in the right direction, even if the initial steps are personally painful.
3. Third, it helps coordinate the actions of different people, even thousands and thousands of individuals, in a remarkably fast and efficient way.” p. 71

“One simple question – is this in line with the vision? – can help eliminate hours, days, or even months of torturous discussion.” p. 71

“With clarity of direction, inappropriate projects can be identified and terminated, even if they have political support.” p. 71

“A second essential function vision serves is to facilitate major changes by motivating action that is not necessarily in people’s short-term self-interests.” p. 72

“A good vision acknowledges that sacrifices will be necessary but makes clear that these sacrifices will yield particular benefits and personal satisfactions that are far superior to those available today – or tomorrow – without attempting to change.” p. 72

“Third, vision helps align individuals, thus coordinating the actions of motivated people in a remarkable efficient way.” p. 72

“Reengineering, restructuring, and other change programs never work well over the long run unless they are guided by visions that appeal to most of the people who have a stake in the enterprise: employees, customers, stockholders, suppliers, communities.” p. 75

“Short-term pressures and the human capacity to rationalize unwise or negative actions can combine to lead reasonable people to act in unreasonable ways.” p. 76

“How much of a stretch will seem feasible is to a great degree a function of the communication process.” p. 77

“Feasibility also means that a vision is grounded in a clear and rational understanding of the organization, its market environment, and competitive trends. This is where strategy plays an important role. Strategy provides both a logic and a first level of detail to show how a vision can be accomplished.” p. 78

“Effective visions are:

- always focused enough to guide employees – to convey which actions are important and which are out of bounds.
- Open ended enough to allow for individual initiative and for changing conditions.” p. 78

“Communicating even a simple vision to a large number of people can be enormously difficult. Simplicity is essential.” p. 79

“The most effective transformational visions share the following characteristics:

1. They are ambitious enough to force people out of comfortable routines. Becoming 5 percent better is not the goal; becoming the best at something is often the goal.
2. They aim in a general way at providing better and better products or services at lower and lower costs, thus appealing greatly to customers and stockholders.
3. They take advantage of fundamental trends, especially globalization and new technology.
4. They make no attempt to exploit anyone and thus have a certain moral power.” p. 82

“Developing a good vision is an exercise of both the head and the heart, it takes some time, it always involves a group of people, and it is tough to do well.” p. 82

“Vision creation can be difficult for at least five reasons:

1. First, we have raised a number of generations of very talented people to be managers, not leaders or leader/managers, and vision is not a component of effective management. A plan can never direct, align, and inspire action the way vision can, and it is therefore not sufficient during transformation.
2. Second, although a good vision has a certain elegant simplicity, the data and the syntheses required to produce it are usually anything but simple.

3. Third, both head and heart are required in this exercise.
4. Fourth, if teamwork does not exist in the guiding coalition, parochialism can turn vision creation into an endless negotiation.
5. Finally, if the urgency rate is not high enough, you will never find enough time to compete the process.” p. 83

“An ineffective vision may be worse than no vision at all.” p. 85

Communicating the Change Vision

“For people who have been trained only to be managers, communication of vision can be particularly difficult. Managers tend to think in terms of their immediate subordinates and boss, not the broader constituencies that need to buy into a vision.” p. 89

“Failures to communicate vision are often attributed to either limited intellectual capabilities among lower-level employees or a general human resistance to change, and, hence, to acceptance of information about change.” p. 89

“Accepting a vision of the future can be a challenging intellectual and emotional task. Our minds naturally generate dozens of questions.

- What will this mean for me?
- My friends?
- The organization?
- What other alternatives are there?
- Are any of the other options better?
- If I’m going to have to operate differently, can I do it?
- Will sacrifices from me be required in the process of achieving the vision?
- How do I feel about those sacrifices?
- Do I really believe what I’m hearing about a direction for the future?
- Or are others playing some game, perhaps to improve their positions at my expense?” p. 90

“A gallon of information is dumped into a river of routine communication, where it is quickly diluted, lost and forgotten.” p. 90

“Focused, jargon-free information can be disseminated to large groups of people at a fraction of the cost of clumsy, complicated communication.” p. 91

“Communication seems to work best when it is so direct and so simple that it has a sort of elegance.” p. 92

“All widespread communication in a change effort must be jargon free.” p. 93

“Vision is usually communicated most effectively when many different vehicles are used: large group meetings, memos, newspapers, posters, informal one-on-one talks.” p. 95

“Effective information transfer almost always relies on repetition.” p. 96

An example is if each of a firm's 25 executives pledges to find four opportunities/day for six months to tie conversations back to the big picture then the net result would be $25 \times 4 \times 6 \text{ months} = 12,000$ repeats.

“The most powerful way to communicate a new direction is through behavior.” p. 97

“Leadership by example. The concept is simple. Words are cheap, but action is not.” p. 98

“Nothing undermines the communication of a change vision more than behavior on the part of key players that seems inconsistent with the vision. The implications are powerful: (1) Trying to sell a vision before top management can embody it is tough; and (2) even under the best of circumstances, carefully monitoring senior management behavior is a good idea so that you can identify and address inconsistencies between words and deeds.” p. 99

“In a fast-moving world, where there's a need to engage employees' hearts and minds, uncommunicative executives will not be able to transform their firms into tough competitors.” p. 101

“In successful transformations, important inconsistencies in the messages employees are getting are almost always addressed explicitly. If mixed signals can't be eliminated, they are usually explained, simply and honestly.” p. 101

“In successful change efforts, communication always becomes a two-way endeavor.” p. 101

“Clear, simple, memorable, often repeated, consistent communication from multiple sources, modeled by executive behavior, helps enormously. Bust most human beings, especially well-educated ones, but into something only after they have had a chance to wrestle with it. Wrestling means asking questions, challenging, and arguing.” p. 102

“If people don't accept a vision, the next two steps in the transformation process – empowering individuals for broad-based action and creating short-term wins – will fail.” p. 103

“The downside of two-way communication is that feedback may suggest that we are on the wrong course and that the vision needs to be reformulated. But in the long run, swallowing our pride and reworking the vision is far more productive than heading off in the wrong direction – or in a direction that others won't follow.” p. 103

Empowering Employees for Broad-Based Action

Figure 7-1 p. 106 Barriers to empowerment

- Structures – formal structures make it difficult to act
- Skills – a lack of needed skills undermines action
- Systems – personnel and information systems make it difficult to act
- Supervisors – bosses discourage actions aimed at implementing the new vision

“Customer-focused visions often fail unless customer-unfocused organizational structures are modified.” p. 109

“Whenever structural barriers are not removed in a timely way, the risk is that employees will become so frustrated that they will sour on the entire transformational effort.” p. 110

“Attitude training is often just as important as skills training.” p. 113

If particularly powerful people are not confronted early in the change process, they can undermine the entire effort. One major reason why they aren’t confronted is that others are afraid that these people can’t change, yet they are unwilling to demote or fire them. p. 117

“Executives often express regret that they didn’t confront problem managers sooner in the process.” p. 118

“An unwillingness to confront (troublesome supervisors) managers is common in change efforts. It rarely helps. These blockers stop needed action. Perhaps even more important, others see that these people are not being confronted and they become discouraged. Discouraged employees do not produce the short-term wins that are vital to build momentum in a transformation effort. Discouraged employees do not help manage the large number of change projects that typically are needed in a transformation.” p. 119

Table 7-2 “Confront supervisors who undercut needed change: Nothing disempowers people the way a bad boss can.” p. 119

Generating Short-Term Wins

“Major change takes time, sometimes lots of time. Zealous believers will often stay the course no matter what happens. Most of the rest of us expect to see convincing evidence that all the effort is paying off. Nonbelievers have even higher standards of proof.” p. 123

“Running a transformation effort without serious attention to short-term wins is extremely risky.” p. 123

“A good short-term win has at least these three characteristics:

1. It’s visible; large numbers of people can see for themselves whether the result is real or just hype.
2. It’s unambiguous; there can be little argument over the call.
3. It’s clearly related to the change effort.” p. 126

Table 8-1 The role of short-term wins p.127

- Provide evidence that sacrifices are worth it
- Reward change agents with a pat on the back
- Help fine-tune vision and strategies
- Undermine cynics and self-serving resisters
- Keep bosses on board
- Build momentum

“People don’t just hope and pray for performance improvements. They plan for short-term wins, organize accordingly, and implement the plan to make things happen.” p. 129

“The lack of sufficient management, especially on the guiding coalition, or a lack of commitment by key managers to the change process. To a large degree, leadership deals with the long term and management with the immediate future. Without enough good management, the planning, organizing, and controlling for results will not be sufficient.” p. 130

“Systematically targeting objectives and budgeting for them, creating plans to achieve those objectives, organizing for implementation, and then controlling the process to keep it on track – this is the essence of management.” p. 133

“Transformation is not a process involving leadership alone; good management is also essential. A balance of the two is required.” p. 133

“Charismatic leaders are often poor managers, yet they have a way of convincing us that all we need to do is follow them. But when a charismatic leader is not a good manager and doesn’t value management skills in others, achieving short-term wins will be problematic at best.” p. 134

Consolidating Gains and Producing More Change

“Whenever you let up before the job is done, critical momentum can be lost and regression may follow.” p. 139

“All organizations have some unnecessary interdependencies that are the product of history instead of the current reality. But the purging of unnecessary interconnections can ultimately make a transformation much easier.” p. 149

“Outstanding leaders are willing to think long term. Driven by compelling visions that they find personally relevant, they are willing to stay the course to accomplish objectives that are often psychologically important to them. While others shift jobs every two years, leaders will sit in a junior position for twice as long or in a senior position for more than a decade. Instead of declaring victory and giving up or moving on, they will launch the dozen change projects often required in stage 7 of transformation. They will also take the time to ensure that all the new practices are firmly grounded in the organization’s culture.” p. 150

“Managers often think in terms of much shorter time frames. For them, the short term is this week, the medium term a few months, the long term a year.” p. 151

Anchoring New Approaches in the Culture

“Culture (and vision) tends to be more the province of leadership, just as structure (and systems) is more of a management tool.” p. 156

“Culture refers to norms of behavior and shared values among a group of people.” p. 156

“Norms of behavior are common or pervasive ways of acting that are found in a group and that persist because group members tend to behave in ways that teach these practices to new members, rewarding those who fit in and sanctioning those who do not.” p. 156

“Shared values are important concerns and goals shared by most of the people in a group that tend to shape group behavior and that often persist over time even when group membership changes.” p. 156

“Culture is important because it can powerfully influence human behavior, because it can be difficult to change, and because its near invisibility makes it hard to address directly. Generally, shared values, which are less apparent but more deeply ingrained in the culture, are more difficult to change than norms of behavior.” p. 157

“Culture is powerful for three primary reasons:

1. Because individuals are selected and indoctrinated so well.
2. Because the culture exerts itself through the actions of hundreds or thousands of people.
3. Because all of this happens without much conscious intent and thus is difficult to challenge or even discuss.” p. 159

“When shared values are supported by the hiring of similar personalities into an organization, changing the culture may require changing people.” p. 164

“Culture is not something that you manipulate easily. Attempts to grab it and twist it into a new shape never work because you can't grab it. Culture changes only after you have successfully altered people's actions, after the new behavior produces some group benefit for a period of time, and after people see the connection between the new actions and the performance improvement.” p. 165

Implications for the Twenty-First Century – The Organization of the Future

“If the rate of external change continues to climb, then the urgency rate of the winning twenty-first-century organization will have to be medium to high all the time. The twentieth-century model of length periods of calm or complacency being punctuated by shorter periods of hectic activity will not work.” p. 170

“Corporate cultures in the twenty-first century will have to value candid discussions far more than they do today. Norms associated with political politeness, with nonconformational diplomatese, and with killing-the-messenger-of-bad-news will have to change.” p. 171

“The combination of valid data from a number of external sources, broad communication of that information inside an organization, and a willingness to deal honestly with the feedback will go a long way toward squashing complacency.” p. 171

“Imagine a day when big egos and snakes are eliminated from promotion lists, no matter how smart, clever, hard working, or well educated they are. Such people kill teamwork. They create problems today, but in a more rapidly changing future world, the consequences of their actions might well become completely unacceptable.” p. 172

“If our time at work encourages and helps us to develop leadership skills, we will eventually realize whatever potential we have. Conversely, if time at work does little or nothing to develop those skills, we will probably never live up to our potential.” p. 174

“Successful organizations in the twenty-first century will have to become more like incubators of leadership. Wasting talent will become increasingly costly in a world of rapid change.” p. 174

“Many of the same kinds of organizational attributes required to develop leadership are also needed to empower employees. Those facilitating factors would include flatter hierarchies, less bureaucracy, and a greater willingness to take risks. In addition, constant empowerment for a constantly changing world market works best in organizations in which senior managers focus on leadership and in which they delegate most managerial responsibilities to lower levels.” p. 175

“An organization with more delegation, which means a lean and flat hierarchy, is in a far superior position to maneuver than one with a big, change-resistant lump in the middle.” p. 177

Table 11-1 The twentieth- and twenty-first-century organization compared	
Twentieth Century	Twenty-first Century
<p>Structure</p> <ul style="list-style-type: none"> • Bureaucratic • Multileveled • Organized with the expectation that senior management will manage • Characterized by policies and procedures that create many complicated internal interdependencies 	<p>Structure</p> <ul style="list-style-type: none"> • Nonbureaucratic, with fewer rules and employees • Limited to fewer levels • Organized with the expectation that management will lead, lower-level employees will manage • Characterized by policies and procedures that produce the minimal internal interdependence needed to serve customers
<p>Systems</p> <ul style="list-style-type: none"> • Depend on few performance information systems • Distribute performance data to executives only • Offer management training and support systems to senior people only 	<p>Systems</p> <ul style="list-style-type: none"> • Depend on many performance information systems, providing data on customers especially • Distribute performance data widely • Offer management training and support systems to many people
<p>Culture</p> <ul style="list-style-type: none"> • Inwardly focused • Centralized • Slow to make decisions • Political • Risk averse 	<p>Culture</p> <ul style="list-style-type: none"> • Externally oriented • Empowering • Quick to make decisions • Open and candid • More risk tolerant

Leadership and Lifelong Learning

“Listening with an open mind, trying new things, reflecting honestly on successes and failures – none of this requires a high IQ, an MBA degree, or a privileged background. By using these relatively simple techniques people keep growing while others level off or decline. As a result, they become more and more comfortable with change, they actualize whatever leadership potential they possess, and they help their firms adapt to a rapidly shifting global economy.” p. 188

“We regularly underestimate the effects of learning differentials.” p. 189

“Just as organizations are going to be forced to learn, change, and constantly reinvent themselves in the twenty-first century, so will increasing numbers of individuals. Lifelong learning and the leadership skills that can be developed through it were relevant to only a small percentage of the population until recently. That percentage will undoubtedly grow over the next few decades.” p. 190

Habits of the Lifelong Learner

- “Lifelong learners take risks. Much more than others, these men and women push themselves out of their comfort zones and try new ideas.” p. 190
- “Risk taking inevitable produces both bigger successes and bigger failures. Much more than most of us, lifelong learners humbly and honestly reflect on their experiences to educate themselves.” p. 190
- “Lifelong learners actively solicit opinions and ideas from others.” 191
- “Much more than the average person, lifelong learners also listen carefully, and they do so with an open mind. They don’t assume that listening will produce big ideas or important information very often. Quite the contrary. But they know that careful listening will help give them accurate feedback on the effect of their actions. And without honest feedback, learning becomes almost impossible” p. 191
- “Risk taking brings failure as well as success. Honest reflection, listening, solicitation of opinions, and openness bring bad news and negative feedback as well as interesting ideas.” p. 191
- “Lifelong learners overcome a natural human tendency to shy away from or abandon habits that produce short-term pain. By surviving difficult experiences, they build up a certain immunity to hardship. With clarity of thought, they come to realize the importance of both these habits and lifelong learning. But most of all their goals and

aspirations facilitate the development of humility, openness, willingness to take risks, and the capacity to listen.” p. 191

- “The very best lifelong learners and leaders I’ve known seem to have high standards, ambitious goals, and a real sense of mission in their lives.” p. 192
- “Just as a challenging vision can help an organization to adapt to shifting conditions, nothing seems to support the habits that promote personal growth more than ambitious, humanistic goals.” p. 192

“Successful twenty-first century careers will be more dynamic.” p. 193

“People who learn to master more volatile career paths also usually become more comfortable with change generally and thus better able to play more useful roles in organizational transformation. They more easily develop whatever leadership potential they have. With more leadership, they are in a better position to help their employers advance the transformation process so as to significantly improve meaningful results while minimizing the painful effects of change.” p. 193

“People at the top of enterprises today who encourage others to leap into the future, who help them overcome natural fears, and who thus expand the leadership capacity in their organizations – these people provide a profoundly important service for the entire human community.” p. 194