

THE HEART OF CHANGE*

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The single most important message in this book is very simple: People change what they do less because they are given *analysis* that shifts their *thinking* than because they are *shown* a truth that influences their *feelings*. This is especially so in large-scale organizational change, where you are dealing with new technologies, mergers and acquisitions, restructurings, new strategies, cultural transformation, globalization, and e-business—whether in an entire organization, an office, a department, or a work group. In an age of turbulence, when you handle this reality well, you win. Handle it poorly, and it can drive you crazy, cost a great deal of money, and cause a lot of pain.

The lessons here come from two sets of interviews, the first completed seven years ago, the second within the last two years. About 400 people from 130 organizations answered our questions. We found, in brief, that

- Highly successful organizations know how to overcome antibodies that reject anything new. They know how to grab opportunities and avoid hazards. They see that *bigger leaps* are increasingly associated with winning big. They see that continuous gradual improvement, by itself, is no longer enough.
- Successful large-scale change is a complex affair that happens in *eight stages*. The flow is this: Push urgency up, put together a guiding team, create the vision and strategies, effectively communicate the vision and strategies, remove barriers to action, accomplish short-term wins, keep pushing for wave after wave of change until the work is done, and, finally, create a new culture to make new behavior stick.
- The central challenge in all eight stages is *changing people's behavior*. The central challenge is not strategy, not systems, not culture. These elements and many others can be very important, but the core problem without question is behavior—what people do, and the need for significant shifts in what people do.

- Changing behavior is less a matter of giving people analysis to influence their thoughts than helping them to see a truth to influence their feelings. Both thinking and feeling are essential, and both are found in successful organizations, but the heart of change is in the emotions. The flow of see-feel-change is more powerful than that of analysis-think-change. These distinctions between seeing and analyzing, between feeling and thinking, are critical because, for the most part, we use the latter much more frequently, competently, and comfortably than the former.

When we are frustrated, we sometimes try to convince ourselves there is a decreasing need for large-scale change. But powerful and unceasing forces are driving the turbulence. When frustrated, we sometimes think that problems are inevitable and out of our control. Yet some people handle large-scale change remarkably well. We can all learn from these people. CEOs can learn. First-line supervisors can learn. Nearly anyone caught up in a big change can learn.

THE EIGHT STAGES OF SUCCESSFUL LARGE-SCALE CHANGE

To understand why some organizations are leaping into the future more successfully than others, you need first to see the flow of effective large-scale change efforts. In almost all cases, there is a flow, a set of eight steps that few people handle well. The process of change involves subtle points regarding overlapping stages, guiding teams at multiple levels in the organization, handling multiple cycles of change, and more. Because the world is complex, some cases do not rigidly follow the eight-step flow. But the eight steps, summarized in Table 1, are the basic pattern associated with significant useful change—all possible *despite* an inherent organizational inclination not to leap successfully into a better future.

The stories that accompany some of the steps show what can be done to enable this process and appeal to the heart to overcome the obstacles to change.

STEP ONE: INCREASE URGENCY

Whether at the top of a large private enterprise or in small groups at the bottom of nonprofit, those who are most successful at significant change begin their work by creating a sense of *urgency* among relevant people. In smaller organizations, the “relevant” are more likely to number 100 than 5, in larger organizations 1,000 rather than 50. The less successful change leaders aim at 5 or 50 or 0, allowing what is common nearly everywhere—too much complacency, fear, or anger, all three of which can undermine change. A sense of urgency, sometimes developed by very creative means, gets people off the couch, out of a bunker, and ready to move.

First, people are shocked, then the gut-level sense of complacency shrinks and urgency grows. It’s not just a matter of the data saying that changes are necessary in the purchasing process so people alter their behavior. Instead, it’s subtler and deeper. It’s a loud sound that catches attention in a day filled with thousands of words and dozens of events. It’s an image, hard to shake, that evokes a feeling that we must *do* something.

TABLE 1 The Eight Steps for Successful Large-Scale Change

<i>Step</i>	<i>Action</i>	<i>New Behavior</i>	<i>What Works</i>	<i>What Does Not Work</i>
1	Increase urgency	People start telling each other, "Let's go, we need to change things!"	<ul style="list-style-type: none"> • Showing others the need for change with a compelling object that they can actually, see, touch, and feel • Showing people valid and dramatic evidence from outside the organization that demonstrates that change is required • Looking constantly for cheap and easy ways to reduce complacency • Never underestimating how much complacency, fear, and anger exists, even in good organizations 	<ul style="list-style-type: none"> • Focusing exclusively on building a "rational" business case, getting top management approval, and racing ahead while mostly ignoring all the feelings that are blocking change • Ignoring a lack of urgency and jumping immediately to creating a vision and strategy • Believing that without a crisis or burning platform you can go nowhere • Thinking that you can do little if you're not the head person
2	Build the guiding team	A group powerful enough to guide a big change is formed and they start to work together well.	<ul style="list-style-type: none"> • Showing enthusiasm and commitment (or helping someone do so) to help draw the right people into the group • Modeling the trust and teamwork needed in the group (or helping someone to do that) • Structuring meeting formats for the guiding team so as to minimize frustration and increase trust • Putting your energy into step 1 (raising urgency) if you cannot take on the step 2 challenge and if the right people will not 	<ul style="list-style-type: none"> • Guiding change with weak task forces, single individuals, complex governance structures, or fragmented top teams • Not confronting the situation when momentum and entrenched power centers undermine the creation of the right group • Trying to leave out or work around the head of the unit to be changed because he or she is "hopeless"
3	Get the vision right	The guiding team develops the right vision and strategy for the change effort.	<ul style="list-style-type: none"> • Trying to see, literally, possible futures • Visions that are so clear that they can be articulated in one minute or written up on one page • Visions that are moving—such as a commitment to serving people 	<ul style="list-style-type: none"> • Assuming that linear or logical plans and budgets alone adequately guide behavior when you're trying to leap into the future • Overly analytic, financially based vision exercises

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4	Communicate for buy-in	People begin to buy into the change, and this shows in their behavior.	<ul style="list-style-type: none"> • Strategies that are bold enough to make bold visions a reality • Paying careful attention to the strategic question of how quickly to introduce change 	<ul style="list-style-type: none"> • Visions of shaming costs, which can be emotionally depressing and anxiety creating • Giving people fifty-four logical reasons why they need to create strategies that are bolder than they have ever created before
4			<ul style="list-style-type: none"> • Keeping communication simple and heartfelt, not complex and technocratic • Doing your homework before communicating, especially to understand what people are <i>feeling</i> • Speaking to anxieties, confusion, anger, and distrust • Ridding communication channels of junk so that important messages can go through • Using new technologies to help people see the vision (intranet, satellites, etc.) 	<ul style="list-style-type: none"> • Undercommunicating, which happens all the time • Speaking as though you are only transferring information • Accidentally fostering cynicism by not walking the talk
5	Empower action	More people feel able to act, and do act, on the vision.	<ul style="list-style-type: none"> • Finding individuals with change experience who can bolster people's self-confidence with we-won-you-can-too anecdotes • Recognition and reward systems that inspire, promote optimism, and build self-confidence • Feedback that can help people make better vision-related decisions • "Retooling" disempowering managers by giving them new jobs that clearly show the need for change 	<ul style="list-style-type: none"> • Ignoring bosses who seriously disempower their subordinates • Solving the boss problem by taking away their power (making them mad and scared) and giving it to their subordinates • Trying to remove all the barriers at once • Giving in to your own pessimism and fears

6 Create short-term wins

Momentum builds as people try to fulfill the vision, while fewer and fewer resist change.

- Early wins that come fast
- Wins that are as visible as possible to as many people as possible
- Wins that penetrate emotional defenses by being unambiguous
- Wins that are meaningful to others—the more deeply meaningful the better
- Early wins that speak to the powerful players whose support you need and do not yet have
- Wins that can be achieved cheaply and easily, even if they seem small compared with the grand vision
- Launching fifty projects all at once
- Providing the first win too slowly
- Stretching the truth

7 Don't let up

People make wave after wave of changes until the vision is fulfilled.

- Aggressively ridding yourself of work that wears you down—tasks that were relevant in the past but not now, tasks that can be delegated
- Looking constantly for ways to keep the urgency up
- Using new situations opportunistically to launch the next wave of change
- As always—show 'em, show 'em, show 'em
- Developing a rigid four-year plan (be more opportunistic)
- Convincing yourself that you're done when you aren't
- Convincing yourself that you can get the job done without confronting some of the more embedded bureaucratic and political behaviors
- Working so hard you physically and emotionally collapse (or sacrifice your off-the-job life)

8 Make change stick

New and winning behavior continues despite the pull of tradition, turnover of change leaders, etc.

- Not stopping at step 7—it isn't over until the changes have roots
- Using new employee orientation to compellingly show recruits what the organization really cares about
- Using the promotions process to place people who act according to the new norms into influential and visible positions
- Telling vivid stories over and over about the new organization, what it does, and why it succeeds
- Making absolutely sure you have the continuity of behavior and results that help a new culture grow
- Relying on a boss or compensation scheme, or anything but culture, to hold a big change in place
- Trying to change culture as the first step in the transformation process

INCREASE URGENCY—GLOVES ON THE BOARDROOM TABLE

FROM JON STEGNER

We had a problem with our whole purchasing process. I was convinced that a great deal of money was being wasted and would continue to be wasted into the future, and that we didn't even know how much money was being thrown away. I thought we had an opportunity to drive down purchasing costs not by 2 percent but by something in the order of \$1 billion over the next five years. A change this big meant a big shift in the process. This would not be possible, however, unless many people, especially in top management, saw the opportunity, which for the most part they did not. So nothing was happening.

To get a sense of the magnitude of the problem, I asked one of our summer students to do a small study of how much we pay for the different kinds of gloves used in our factories and how many different gloves we buy. I chose one item to keep it simple, something all the plants use and something we can all easily relate to.

When the student completed the project, she reported that our factories were purchasing 424 different kinds of gloves! *Four hundred and twenty-four*. Every factory had their own supplier and their own negotiated price. The same glove could cost \$5 at one factory and \$17 at another. Five dollars or even \$17 may not seem like much money, but we buy a lot of gloves, and this was just one example of our purchasing problem. When I examined what she had found, even I couldn't believe how bad it was.

The student was able to collect a sample of every one of the 424 gloves. She tagged each one with the price on it and the factory it was used in. Then she sorted the bags by division in the firm and type of glove.

It's a rare event when these people don't have anything to say. But that day, they just stood with their mouths gaping.

This demonstration quickly gained notoriety. The gloves became part of a traveling road show. They went to every division. They went to dozens of plants. Many, many people had the opportunity to look at the stacks of gloves. The road show reinforced at every level of the organization a sense of "this is how bad it is!"

Through more research, again done quickly and inexpensively by one of our students, we discovered what some of our competitors were doing. The "competitive benchmarking" was added to the road show. As a result, we were given a mandate for change. People would say "We must act now," which of course we did, and saved a great deal of money that could be used in much more sensible ways.

Even today, people still talk about the glove story.

STEP TWO: BUILD THE GUIDING TEAM

With urgency turned up, the more successful change agents pull together a *guiding team* with the credibility, skills, connections, reputations, and formal authority required to provide change leadership. This group learns to operate as do all good teams, with trust and emotional commitment. The less successful rely on a single person or no one, weak task forces and committees, or complex governance structures, all without the

