"Leading Change"
John P. Kotter
Notes by Dave Kraft

A purely managerial mindset inevitably fails, regardless of the quality of people involved (x) The biggest mistake, when trying to change an organization, is to plunge ahead without establishing a high enough sense of urgency…transformations always fail to achieve their objective when complacency levels are high (4) Change agents overestimate how much they can force big changes on organizations. 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 (5) In many failed transformations, you find plans and programs trying to play the role of vision. 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 (8) Without credible communication, and lots of it, employee's hearts and minds are never captured (9)

Nothing undermines change more than behavior by important individuals that is inconsistent with the verbal communication (10) 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. Problems start when the urgency level is not intense enough, the guiding coalition is not powerful enough, and the vision is not clear enough (13) Time needs to be taken to ensure that the next generation of management really does personify the new approach (14) Successful, long-lasting change tends to be associated with a multistep process that creates power and motivation sufficient to overwhelm all the sources of inertia and is driven by high-quality leadership (20) Needed change tends to stall because of inwardly focused cultures, paralyzing bureaucracy, parochial politics, a low level of trust, lack of teamwork, arrogant attitudes, a lack of leadership in middle management, and the general fear of the unknown (20)

THE EIGHT-STAGE PROCESS OF CREATING MAJOR CHANGE

1. Establishing a sense of urgency
2. Creating the guiding coalition
3. Developing a vision and strategy
4. Communicating the change vision
5. Empowering broad-based action
6. Generating short-term wins
7. Consolidating gains and producing more change
8. Anchoring new approaches in the culture (21)

So why would an intelligent person rely too much on simple, linear, analytical processes? Because he or she has been taught to manage but not to lead.

Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles (25) Successful transformation is 70-90% leadership and only 10-30% management. Many organizations today don't have much leadership 26) With a strong emphasis on management but not leadership, bureaucracy and an inward focus take over (27) The combination of cultures that resist change and managers who have not been taught how to create change is lethal. How little most managers have learned about empowerment (29) Efforts to effect change that are overmanaged and underled also tend to try to eliminate the inherent messiness of transformations (30)

ESTABLISHING A SENSE OF URGENCY

We underestimate the enormity of the task, especially the first step: establishing a sense of urgency (35) There is a canyon of complacency and no matter how hard the leaders push, no matter how much they threaten, if many others don't feel the same sense of urgency, the momentum for change will probably die far short of the finish line (36) Complacency is supported by the very human tendency to deny that which we don't want to hear (41) Never underestimate the magnitude of the forces that reinforce complacency and that help maintain the status quo. Creating a strong sense of urgency usually demands bold or even risky actions that we normally associate with good leadership.

We don't see these kinds of bold moves more often because people living in over-managed and under-led cultures generally taught that such actions are not sensible. If top management consists only of cautious managers, no one will push the urgency rate sufficiently high and a major transformation will never succeed (43) The key is to set vastly ambitious goals that disrupt the status quo (45) If everyone in senior management is a cautious manager committed to the status quo, a brave revolutionary down below will always fail. One of the many problems in complacent organizations is that rigidity and conservatism make learning difficult (48)

CREATING THE GUIDING COALITION

A strong guiding coalition is always needed-one with the right composition, level of trust, and shared objective (52) Most senior-level execs were raised managerially in an era when teamwork was not essential. The reality was hierarchical. (56)

The guiding coalition needs to include:
1. Positional power-main line managers (key players) on board
2. Expertise-various points of view and balance so intelligent decision are made
3. Credibility-Does the group have enough people with good reputations so as to be taking seriously
4. Leadership-Does the group include enough proven leaders to be able to successfully drive the change process (57)

A managerial mindset will develop plans, not vision. It will control rather than empower people (58) A guiding coalition made up only of managers-even superb managers who are wonderful people-will cause major change efforts to fail. Two types of individuals should be avoided: Egos that fill up a room, and snakes-people who create enough mistrust to kill teamwork (59) Afraid to confront the problem, we convince ourselves that Jerry isn't so bad or that we can maneuver around him. So we move on only to curse ourselves later for not dealing with the issue. Personnel problems that can be ignored during easy times can cause serious trouble in a tougher, faster-moving, globalizing economy (61) 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 (65)

DEVELOPING A VISION AND STRATEGY

Vision refers to a picture of the future with some implicit or explicit commentary on why people should strive to create that future (68) One simple question—is this in line with the Vision?--Can help eliminate hours, days, or even months of torturous discussion. (69) 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.

With clarity of vision, managers and employees can figure out for themselves what to do without constantly checking with a boss or their peers. Without a shared sense of direction, interdependent people can end up in constant conflict and nonstop meetings (70) Without a good vision, a clever strategy or a logical plan can rarely inspire the kind of action needed to produce major change (71)

Characteristics of en effective vision:

Imaginable, Desirable, Feasible, Focused, Flexible and Communicable. Clear enough to motivate action but flexible enough to allow initiative. Our vision is to become a firm that pays the very lowest wages, charges the highest price the market will bear, and divides the spoils between stockholders and senior executive, mostly the latter. This is not far from the transformational vision that guides some companies today (72,73)

If transformation goals seem impossible, they will lack credibility and thus fail to motivate action. Great leaders know how to make ambitious goals look doable. Many firms need to become less inwardly focused, centralized hierarchical, slow in decision making and political (75)

Effective visions are open ended enough to allow for individual initiative and for changing conditions (76) An effective vision is not a hopelessly vague listing of

positive values (77) If you cannot describe your vision to someone in five minutes and get their interest, you have more work to do in this phase of a transformation process (78) Some Characteristics of effective transformational visions are: Being willing to force people out of comfortable routines. Taking advantage of fundamental trends. Not making attempts to exploit anyone. 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.

Vision creation is almost always a messy, difficult, and sometimes emotionally charged exercise (79) 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 (80) The process of creating vision very much involves getting in touch with ourselves—who we are and what we care about (82) Lip service to a vision without commitment to that vision creates a sort of dangerous illusion (83)

COMMUNICATING THE CHANGE VISION

Managers tend to under-communicate (85) Sometimes the vision is communicated often, but poorly (86) Managers tend to be most comfortable with routine factual communication, not future-oriented strategizing and dreaming (87) The emotional work in vision communication is tough: letting go of the status quo, letting go of the other future options, coming to grips with the sacrifices, coming to trust others (88) The time and energy required for effective vision communication are directly related to the clarity and simplicity of the message (89)

Key elements in the effective communication of vision:

Simplicity
Metaphor, analogy and example
Multiple forums
Repetition
Leadership by example
Explanation of seeming inconsistencies
Give-and-take (90)

Vision is usually communicated most effectively when many different vehicles are used (93) Effective information transferal almost always relies on repetition. It is critical that managers, supervisors, and executives look at all of their daily activities through the lens of the new vision (94) Is the vision clear & credible to you? Often the most powerful way to communicate a new direction is through behavior (95) Nothing undermines the communication of a change vision more than behavior on the part of key players that seem inconsistent with the vision (97) Through behavior you want to see credibility and trust increase, which in turn contribute to communicating the change vision (98)

EMPOWERING EMPLOYEES FOR BROAD-BASED ACTION

You don't want to retain organizational structure that systematically blocks employee efforts to implement the new vision (105) Whatever 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. Middle management easily resists structural change when it doesn't feel a sense of urgency, doesn't see a dedicated team at the top, doesn't see a sensible vision for change, or doesn't feel that others believe that vision (106)

Most of our managers have been taught by five to thirty-five years of experience that their job is to make decisions not empower others (107) Attitude training is just as important as skills training (109) Are performance appraisals, compensation, promotions, succession planning aligned with the new vision? (110) Watching some people lead, you might wonder if they didn't get a degree in disempowerment (112)

Empowering people to effect change:

Communicate a sensible vision to employees
Make structure compatible
Provide training
Align information and personal systems
Confront supervisors

GENERATING SHORT-TERM WINS

A coalition of people needs to emerge around a leader. (117) A good short-term win has these three characteristics:

1. It's visible
2. It's unambiguous
3. It's clearly related to the change effort (122)

The role of short-term wins:

Provides evidence that sacrifices are worth it
Reward change agents
Help fine-tune vision and strategy
Undermine cynics and self-serving resisters
Keep bosses on board
Build momentum (123)

To a large degree, leadership deals with the long-term and management with the immediate future (126)

CONSOLIDATING GAINS AND PRODUCING MORE CHANGE

Major change often takes a long time, especially in big organizations. Short-term wins are essential to keep momentum going, but the celebration of those wins can be lethal of urgency is lost (132) Whenever you let up before the job is done, critical momentum can be lost and regression may follow (133) In successful transformation, executives lead the overall effort and leave most of the managerial work and the leadership of specific activities to their subordinates (140)

Outstanding leaders are willing to think long term. Decades or even centuries can be meaningful time frames. 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. Because of the nature of management process, managers often think in terms of much shorter time frames. Without sufficient leadership, change stalls, and excelling in a rapidly changing world becomes problematic (144)

ANCHORING NEW APPROACHES IN THE CULTURE

When the new practices made in a transformational effort are not compatible with the relevant cultures, they will always be subject to regression (148) The new practices created in a reengineering or a restructuring or an acquisition must somehow be anchored in the corporate culture, if not, they can be very fragile and subject to regression (151) Culture changes only after you have successfully altered people's actions (156)

Anchoring change in a culture:

Comes last, not first
Depends on results
Requires a lot of talk
My involve turnover
Makes decisions on succession crucial (157)

THE ORGANIZATION OF THE FUTURE

If environmental volatility continues to increase, as most people now predict, the standard organization of the will likely become a dinosaur (161) Major change is never successful unless the complacency level is low. A high urgency rate helps enormously in completing all the stages of a transformation process (162) Norms associated with political politeness, with nonconformational diplomaticese, and with killing-the-messenger-of-bad-news will have to change.

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. In a fast-moving world, teamwork is enormously helpful almost all the time (163)

Only in the last decade or so has much thought gone into developing leaders— people who can create and communicate visions and strategies. In the next century, we will have to become much more skilled at creating leaders (165)

Highly controlling organizations often destroy leadership by not allowing people to blossom, test themselves, and grow. Successful organizations in the years ahead will have to become more like incubators of leadership. Developing that leadership will, in turn, demand flatter and leaner structures along with less controlling and more risk-taking cultures. The negative consequences of putting people with potential into small boxes and micromanaging them will only increase. Narrowly defined jobs, risk-averse cultures, and micromanaging bosses are the norm in far too many paces (166)

We need organizations with flatter4 hierarchies, less bureaucracy, and a greater willingness to take risks. Today, the best performing firms I know that operate in highly competitive industries have executives who spend most of their time leading, not managing. (167)

LEADERSHIP AND LIFELONG LEARNING

Mental Habits that support lifelong learning:

Risk taking
Humble self-reflection
Solicitation of opinions
Careful listening
Openness to new ideas

The very vest lifelong learners and leaders I've known seem to have high standards, ambitious goals, and a real sense of mission in their lives (183) Their aspirations help keep them from sliding into a comfortable, safe routine characterized by little sensible risk taking, a relatively closed mind, a minimum of reaching out, and little listening (184)

Sometimes they have no clear vision of the 21st century and so they don't knows how they should change. But often fear is a key issue. They cling defensively to what they currently have. In effect, they embrace the past, not the future (185) Better for most of us, despite the risks, to leap into the future, and to do so sooner rather than later (186)