

# John Kotter's views on managing change

The world is and has always been full of change. Virtually everything around us is different than it was 50 years ago. And in twenty years from now, it will be different again. And in ten, in five and even in one years time.... As change goes faster and faster. It is generally known, that successful organizations are those that are best able to cope with and respond to change. "However, in 70% of the cases where organisations needed to change, it did not materialise.

Either, because the need wasn't recognised or they didn't try, or they tried and failed. Or they tried and succeeded, but at a level that was far below their aspirations." That is the opinion Harvard Business School Professor John Kotter, who is widely regarded as the world's foremost authority on leadership and managing change.

In the previous issue of Academy Magazine, you could read a review of John Kotter's latest book: 'Our Iceberg is melting'. The book, which explains his 8-step process leading to successful change management in the form of a fairy tale, triggered us to try to get hold of John Kotter for a more comprehensive interview. Not an easy job. Although Kotter is retired from Harvard, he is still a very busy man, travelling places and sharing his views with those who are interested in and in need of implementing major organisational transformations. John Kotter is asked all over the world to address managers at all levels on how to recognise the need for change. And, as importantly, on how to manage change in an effective and sustainable way. The man who studied change and change management for the last three decades or so, is an

authority in the field of transformation. Not only in North America, but also in the far East and Europe, where he will be visiting the Netherlands later this year.

#### Based on human nature

How important is the cultural background of the management related to change? It is one of the questions we posed to Kotter, as it is often thought that business and organisational cultures differ from continent to continent. Do people in Europe deal with change differently than their colleagues in North America or for instance Asia. Do American managers, generally known as short term focused, take a different approach than their colleagues in Japan, who are known for their long term views and plans. And has Europe found a nice way in between?

"That's what people always think." Kotter slowly and politely starts to tell me that I am not entirely right. But he immediately convinces me that I am not the only one. "Even the CEO's and top managers visiting Harvard to attend the ten weeks executive program, always bring up that subject. Maybe that is because nowadays some 70% of the visitors

are from outside North America. However, at the end of the day, they don't talk like that anymore. And I think that's because the things I talk and write about, are not culturally-based. They are based on human nature and the present state of technological and organisational development. There may be differences indeed between Europeans, Americans and Japanese, but the material that I have written is not nationally dependent. Hundreds and hundreds of executives who are visiting Harvard agree with me on this."

#### A matter of Leadership

*So the way businesses are managed is not a matter of culture?*

"People see superficial differences. Konosuke Matsushita, of whom I wrote a biography, the founder of Matsushita Electric, better known as the parent firm of Panasonic, liked tea ceremonies and typical Japanese gardens. Where Wal-Mart founder Sam Watson liked big red pick up trucks and all those baseball caps. But if you strip of the cultural layers between Matsushita-san and Sam Walton, you will see that what they did, is fundamentally

***"What every manager should know and . . . practise."***

## John Kotter's 8-Step Process of successful Change:

### SET THE STAGE

#### 1. Create a Sense of Urgency.

Help others see the need for change and the importance of acting immediately.

#### 2. Pull Together the Guiding Team.

Make sure there is a powerful group guiding the change—one with leadership skills, bias for action, credibility, communications ability, authority, analytical skills.

### DECIDE WHAT TO DO

#### 3. Develop the Change Vision and Strategy.

Clarify how the future will be different from the past, and how you can make that future a reality.

### MAKE IT HAPPEN

#### 4. Communicate for Understanding and Buy-in.

Make sure as many others as possible understand and accept the vision and the strategy.

#### 5. Empower Others to Act.

Remove as many barriers as possible so that those who want to make the vision a reality can do so.

#### 6. Produce Short-Term Wins.

Create some visible, unambiguous successes as soon as possible.

#### 7. Don't Let Up.

Press harder and faster after the first successes. Be relentless with instituting change after change until the vision becomes a reality.

### MAKE IT STICK

#### 8. Create a New Culture.

Hold on to the new ways of behaving, and make sure they succeed, until they become a part of the very culture of the group.

almost the same. It is a matter of leadership", Kotter explains.

Nevertheless, Japanese people hardly talk about leadership, where in the United States it seems to be at that matters.

"You are right, but isn't that more a language issue? Read the book of Kazuo Inamori, who at the age of 27 established Kyocera Corporation, which has grown into a multinational high-tech conglomerate employing over 30,000 people. Indeed he doesn't talk about leadership, but about the same things as for instance Tom Watson I, who created IBM. And they behave much in the same way."

*So you see a lot of similarity between Japanese and American CEO's?*

"No, I see a lot of similarity between good leaders. And what people like Inamori and Watson have in common, is leadership. But you have to remember that most CEO's are not leaders. They just have a CEO job, and we expect them to be a leader. The average CEO provides a 6.5 on a one to ten scale. And if you talk to their workforces, they will probably tell you that it is a 5 or a 4. Leadership is Churchill. It's not a job, it is a behaviour. When you compare Churchill, Mandela, Matsushita and Watson, they look different, sound different, taste different, but fundamentally they behave very much the same."

### Handling change

*Returning to the subject of handling change, how are our companies and managers in general doing in this respect?*

"Terrible", John Kotter answers without any hesitation. "The average organisation, private or public, European or American, Japanese or Korean, does a terrible job of handling change. When rating the three continents in handling change over the last 15 years in business, the US comes in first, Europe comes in second and the Japanese come in third. The Japanese capacity to manoeuvre around an increasingly turbulent economic environment, has been sluggish. Europe is somewhat better, but in fact the whole world is not very good in handling change. There is a strong tendency towards a kind of equilibrium. The tendency is more towards stability than towards change. Now having said that, we have learned how to do it. It is very much driven by leadership rather than management processes, and it can be usefully summarised in terms of a pattern with the eight steps I write about (see insert - editor).

And if there is anything the world needs right now, I think it is a whole lot more people that understand enough about change, so that they can handle what is going to be an increasingly turbulent and fast moving 21st Century."

### The penguin fable

So what can be done, to create awareness for the need to change and to educate an increasing number of people about the mechanism of successful change? Is your latest book with the penguin fable an attempt to achieve this?

"The book 'Our Iceberg Is Melting' is a simple fable about doing well in an ever-changing world. It is a story that has been used to help thousands of people and organisations in managing change. In India for instance, with my approval, a theatre group has turned the story into a theatre play, which has been offered to CEO's and other management levels."

In all humbleness, the story and the characters are so recognisable. Almost open doors. "Sure, but it all reflects the reality of what I have found during studying companies and organisations for more than 20 years. And the book shows the processes, where it goes wrong and where it goes well, in a subtle, and sometimes less subtle way."

### The most common mistake

*What is the most commonly made mistake, by companies or by people, that prevents successful change?*

"I think the most common mistake is what I am actually writing about now, and that is literally the first step of the 8-step approach. It has everything to with getting out complacency, getting anger out of the organisation and getting a sense of urgency for a change. Than you have a basis for actually getting started. And what I have noticed over the last two or three years, is that the smartest people seem to struggle with that more than anyone else. They want to get on with it, they have their own personal sense of urgency. And although they think the rest of the organisation feels the same sense of urgency, that is simply not the case. They do not know. And when you don't have the minimal sense of urgency among a minimal number of people, you get stuck. And that is exactly what you see happening all the time. So it is all about creating a sense of urgency throughout the organisation to begin with, and then maintaining it. And

of course all other steps in the process are relevant too. But when mentioning the second largest mistake, it is the lack of proper communication. Management often thinks that their ideas and directions are communicated from the top down, but when asking you find out that that is not the case at all."

### Starving athletes don't win Olympic medals

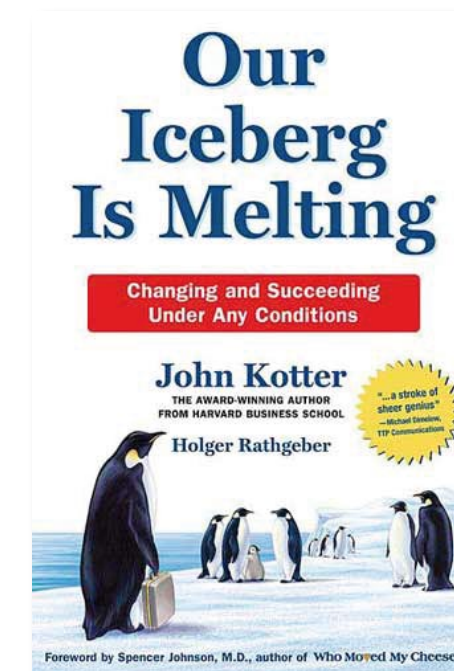
Could it be that the current drive for lean organisations, also has a negative effect on communication. Even though lean organisations have limited management layers, which in principle should contribute to adequate communication, in practice people are so busy that they communicate less and less.

"Things like that can happen", John Kotter admits. "Some people make things too lean to, these days. Starving athletes don't win Olympic medals. I don't even like lean as a word. Even though it is very popular in the united States, in terms of lean manufacturing for instance. But no coach of soccer team would ever say: 'what I need is a lean guy'. I don't think that's what a coach would say. I think what he wants is an athletic, or a fast, a strong or clever guy. But lean, you would not say. Nevertheless, lean is used as a kind of flagship word, but that is a mistake to my opinion."

### Huge need for good leaders

*To conclude, your book 'Leading Change' is a best seller all over the world for many years now. In the Netherlands I think it is already the 11th edition. The title explicitly says that there is need for both change and leaders to make that change happen. Is there a shortage of leaders?*

"Certainly, there is", John Kotter reacts immediately. "There is a huge gap between



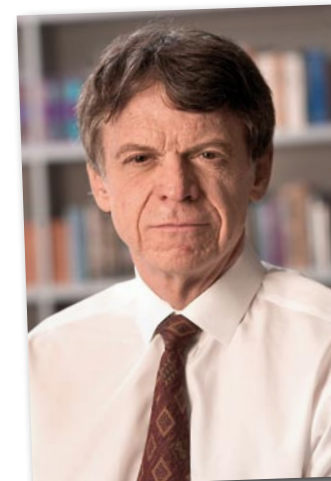
the need for leadership and the availability of leaders. And don't mix-up good leaders with good managers, because that's something completely different. Managers implement management tools and techniques that they have learned at business schools or universities. Good leaders however, give direction, make people understand that something has to happen, that for instance a change is needed and how it should be realised. Great leaders stimulate their people, they get the most out of them and out of the organisation. But great leaders also give a lot of credit to their teams and to their organisation. But unfortunately the world is not full of good leaders. Nevertheless people can learn how to manage change. And if anything, that is what the world forces us too. As the world is changing and is changing fast", John Kotter concludes. 🎓

## 'Our iceberg is melting'

Our Iceberg Is Melting is a simple fable about doing well in an ever-changing world. Based on the award-winning work of Harvard's John Kotter, it is a story that has been used to help thousands of people and organisations.

The fable is about a penguin colony in Antarctica. A group of beautiful emperor penguins live as they have for many years. Then one curious bird discovers a potentially devastating problem threatening their home and pretty much no one listens to him.

The characters in the story, Fred, Alice, Louis, Buddy, the Professor, and NoNo, are like people we recognize - even ourselves. Their tale is one of resistance to change and heroic action, seemingly intractable obstacles and the most clever tactics for dealing with those obstacles. It's a story that is occurring in different forms all around us today - but the penguins handle the very real challenges a great deal better than most of us. Our Iceberg Is Melting is based on pioneering work that shows how Eight Steps produce needed change in any sort of group. It's a story that can be enjoyed by anyone while at the same time providing invaluable guidance for a world that just keeps moving faster and faster.



Harvard Business School Professor John Kotter is widely regarded as the world's foremost authority on leadership and change. He is a graduate of MIT and Harvard. He joined the Harvard Business School faculty in 1972. In 1980, at the age of 33, he was given tenure and a full professorship. John Kotter's articles in The Harvard Business Review over the past twenty years have sold more reprints than any of the hundreds of distinguished authors who have written for that publication during the same time period. His books are printed in more than 70 languages. More than 2 million copies have been sold worldwide. John Kotter's international bestseller 'Leading Change' — which outlined an actionable, 8-step process for implementing successful transformations — became the change bible for managers around the world. 'Our Iceberg is melting' (2006) puts the 8-step process within an allegory, making it accessible to the broad range of people needed to effect major organisational transformations. Professor Kotter talks to groups with one and only one goal: to motivate action that gets better results.

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