The Enduring Skills of Change Leaders

BY ROSABETH MOSS KANTER

Hundreds of books and millions of dollars in consulting fees have been devoted to leadership and organizational change. No issue of the past 15 years has concerned more managers or a wider spectrum of organizations. Yet, for all the attention the subject merits, we see every day that certain kinds of change are simple. If you're a senior executive, you can order budget reductions, buy or sell a division, form a strategic alliance, or arrange a merger.

Such bold strokes do produce fast change, but they do not necessarily build the long-term capabilities of the organization. Indeed, these leadership actions often are defensive, the result of a flawed strategy or a failure to adapt to changing market conditions. They sometimes mask the need for a deeper change in strategy, structure, or operations, and they contribute to the anxiety that accompanies sudden change.

Years of study and experience show that the things that sustain change are not bold strokes but long marches—the independent, discretionary, and ongoing efforts of people throughout the organization. Real change requires people to adjust their behavior, and that behavior is often beyond the control of top management. Yes, as a senior executive, you can allocate resources for new product development or reorganize a unit, but you cannot order people to use their imaginations or to work collaboratively. That's why, in difficult situations, leaders who have neglected the long march often fall back on the bold stroke. It feels good (at least to the boss) to shake things up, but it exacts a toll on the organization.

Forces for Change

Organizational change has become a way of life as a result of three forces: globalization, information technology, and industry consolidation. In today's world, all organizations, from the Fortune 500 to the local nonprofit agency, need greater reach. They need to be in more places, to be more aware of regional and cultural differences, and to integrate into coherent strategies the work occurring in different markets and communities.

The first two forces for change—globalization and technology—will inevitably grow. But it's not enough for organizations to simply "go international" or "get networked." In a global, high-tech world, organizations need to be more fluid, inclusive, and responsive. They need to manage complex information flows, grasp new ideas quickly, and spread those ideas throughout the enterprise. What counts is not whether everybody uses e-mail but whether people quickly absorb the impact of information and respond to opportunity.

Industry consolidation, *the* business story of 1998–99, has a less certain future. But even if that trend abates, the impact of mergers, acquisitions, and strategic alliances will be felt for years. Mergers and acquisitions bring both dangers and benefits to organizations (see "Innovating in the Age of Megamergers," page 19). Partnerships, joint ventures, and strategic alliances can be a less dramatic but more highly evolved vehicle for innovation. However, you must not starve an alliance or a partnership. You have to invest the time and resources to work out differences in culture, strategy, processes, or policies.

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You also have to bring together people at many levels to talk about shared goals and the future of the alliance in general, not just their small functional tasks. Many alliances unravel because, while there is support at the top of the organization, departments at lower levels are left to resolve tensions, answer questions, or fill gaps on their own. The conflicts and wasted efforts that result can end up destroying value instead of creating it. You have to make sure that the goals of people at many levels of the organizations are aligned, and that people get to know each other, before you can expect them to build trust.

Keys to Mastering Change

Change is created constantly and at many levels in an organization. There is the occasional earthshaking event, often induced by outside forces; there are also the everyday actions of people engaged in their work. In change-adept organizations, people simply respond to customers and move on to the next project or opportunity. They do not necessarily change their assumptions about how the organization operates, but they continuously learn and adapt, spread knowledge, share ideas. By making change a way of life people are, in the best sense, "just doing their jobs."

Change-adept organizations share three key attributes, each associated with a particular role for leaders.

- *The imagination to innovate.* To encourage innovation, effective leaders help develop new *concepts*—the ideas, models, and applications of technology that set an organization apart.
- *The professionalism to perform.* Leaders provide personal and organizational *competence,* supported by workforce training and development, to execute flawlessly and deliver value to ever-more-demanding customers.
- *The openness to collaborate.* Leaders make *connections* with partners who can extend the organization's reach, enhance its offerings, or energize its practices.

These intangible assets—concepts, competence, and connections—accrue naturally to successful organizations, just as they do to successful individuals. They reflect habits, not programs—personal skills, behavior, and relationships. When they are deeply ingrained in an organization, change is so natural that resistance is usually low. But lacking these organizational assets, leaders tend to react to change defensively and ineffectively. Change compelled by crisis is usually seen as a threat, not an opportunity.

Mastering deep change—being first with the best service, anticipating and then meeting new customer requirements, applying new technology—requires organizations to do more than adapt to changes already in progress. It requires them to be fast, agile, intuitive, and innovative. Strengthening relationships with customers in the midst of market upheaval can help organizations avoid cataclysmic change—the kind that costs jobs and jolts communities. To do that, effective leaders reconceive their role—from monitors of the organization to monitors of external reality. They become idea scouts, attentive to early signs of discontinuity, disruption, threat, or opportunity in the marketplace and the community. And they create channels for senior managers, salespeople, service reps, or receptionists to share what customers are saying about products.

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Classic Skills for Leaders

The most important things a leader can bring to a changing organization are passion, conviction, and confidence in others. Too often executives announce a plan, launch a task force, and then simply hope that people find the answers—instead of offering a dream, stretching their horizons, and encouraging people to do the same. That is why we say, "leaders go first."

However, given that passion, conviction, and confidence, leaders can use several techniques to take charge of change rather than simply react to it. In nearly 20 years of working with leaders I have found the following classic skills to be equally useful to CEOs, senior executives, or middle managers who want to move an idea forward.

1. *Tuning in to the environment.* As a leader you can't possibly know enough, or be in enough places, to understand everything happening inside—and more importantly outside—your organization. But you can actively collect information that suggests new approaches. You can create a network of *listening posts*—a satellite office, a joint venture, a community service. Rubbermaid operates its own stores, for instance, even though it sells mostly to Wal-Mart and other big chains. These stores allow the company to listen to and learn from customers. Likewise, partnerships and alliances not only help you accomplish particular tasks, they also provide knowledge about things happening in the world that you wouldn't see otherwise.

Look not just at how the pieces of your business model fit together but at what *doesn't* fit. For instance, pay special attention to customer complaints, which are often your best source of information about an operational weakness or unmet need. Also search out broader signs of change—a competitor doing something differently or a customer using your product or service in unexpected ways.

2. *Challenging the prevailing organizational wisdom.* Leaders need to develop what I call kaleidoscope thinking—a way of constructing patterns from the fragments of data available, and then manipulating them to form different patterns. They must question their assumptions about how pieces of the organization, the marketplace, or the community fit together. Change leaders remember that there are many solutions to a problem and that by looking through a different lens somebody is going to invent, for instance, a new way to deliver health care.

There are lots of ways to promote kaleidoscopic thinking. Send people outside the company—not just on field trips, but "far afield trips." Go outside your industry and return with fresh ideas. Rotate job assignments and create interdisciplinary project teams to give people fresh ideas and opportunities to test their assumptions. For instance, one innovative department of a U.S. oil company regularly invites people from many different departments to attend large brainstorming sessions. These allow interested outsiders to ask questions, make suggestions, and trigger new ideas.

3. *Communicating a compelling aspiration.* You cannot sell change, or anything else, without genuine conviction, because there are so many sources of resistance to overcome: "We've never done it before." "We tried it before and it didn't work." "Things are OK now, so why should we change?" Especially when you are pursuing a true innovation as opposed to responding to a crisis, you've got to make a compelling case. Leaders talk about communicating a vision as an instrument of change, but I prefer the notion of communicating an *aspiration*. It's not just a picture of what could be; it is an appeal to our better selves, a call to become something more. It reminds us that the future does not just descend like a stage set; we construct the future from our own history, desires, and decisions.

4. *Building coalitions.* Change leaders need the involvement of people who have the resources, the knowledge, and the political clout to make things happen. You want the opinion shapers, the experts in the field, the values leaders. That sounds obvious, but coalition building is probably the most neglected step in the change process.

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In the early stages of planning change, leaders must identify key supporters and sell their dream with the same passion and deliberation as the entrepreneur. You may have to reach deep into, across, and outside the organization to find key influencers, but you first must be willing to reveal an idea or proposal before it's ready. Secrecy denies you the opportunity to get feedback, and when things are sprung on people with no warning, the easiest answer is always no. Coalition building requires an understanding of the politics of change, and in any organization those politics are formidable.

When building coalitions, however, it's a mistake to try to recruit everybody at once. Think of innovation as a venture. You want the minimum number of investors necessary to launch a new venture, and to champion it when you need help later.

5. *Transferring ownership to a working team.* Once a coalition is in place, you can enlist others in implementation. You must remain involved—the leader's job is to support the team, provide coaching and resources, and patrol the boundaries within which the team can freely operate. But you cannot simply ask managers to execute a fully formed change agenda; you might instead develop a broad outline, informed by your environmental scan and lots of good questions, from which people can conduct a series of small experiments. That

Innovating in the Age of Megamergers

Do mergers and acquisitions impair innovation? It depends on the nature of the deal and the abilities of leaders. Some consolidations, such as the effectively managed merger of Sandoz and Ciba Gigy to form Novartis, are growth-oriented. In that case, most of the pieces that were combined and eventually sold off were in the chemical business. What remained was a new, strategically coherent life sciences company. It can grow by building new knowledge and collecting in one place a set of diverse products that previously had been scattered.

The key for leaders in a growth-oriented merger—where the aim is to tackle new markets and do things together that could not be done separately—is to foster communication, encourage involvement, and share more knowledge of overall strategy, special projects, and how the pieces of the new entity fit together.

On the other hand, many mergers are aimed primarily at reducing capacity and cutting costs. That is the case in most of the recent banking and financial services mergers, for instance. These consolidations, and the efficiencies that result, can make good economic sense. Yet massive organizational change often drains so much time and energy that the sustainable benefits of the long march are lost, and the temptations of the bold stroke are irresistible. Often this leaves leaders with the task of putting the best face on what, for many employees, is not a promising future.

Mergers that focus on cost cutting—often necessary to pay for the deal and to satisfy the demands of shareholders—can threaten the funding of promising experiments and disrupt innovation. Massive mergers can also drive out the knowledge that fuels innovation.

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Merged organizations often lose a degree of staff professionalism because people resent losing a voice in their destiny or having to do tasks that they're not prepared for. Training budgets and opportunities for collegial exchange also tend to shrink. Most consolidations fail to create more integrated, value-adding enterprises and fall short of their promised benefits. That is what makes them such a demanding test of leadership.

approach not only confers team ownership, but allows people to explore new possibilities in ways that don't bet the company or your budget.

As psychologist Richard Hackman has found, it is not just the personalities or the team process that determine success; it's whether or not the team is linked appropriately to the resources they need in the organization (see "Why Teams Don't Work," Winter 1998). In addition, leaders can allow teams to forge their own identity, build a sense of membership, and enjoy the protection they need to implement changes. One of the temptations leaders must resist is to simply pile responsibility on team members. While it is fashionable to have people wear many hats, people must be given the responsibility—and the time—to focus on the tasks of change.

6. *Learning to persevere.* My personal law of management, if not of life, is that everything can look like a failure in the middle. One of the mistakes leaders make in change processes is to launch them and leave them. There are many ways a change initiative can get derailed (see "Sticky Moments in the Middle of Change"). But stop it too soon and by definition it will be a failure; stay with it through its initial hurdles and good things may happen. Of course, if a change process takes long enough you have to return to the beginning—monitor the environment again, recheck your assumptions, reconsider whether the proposed change is still the right one. Abdicating your role undermines the effort because, unlike bold strokes, long marches need ongoing leadership. Most people get excited about things in the beginning, and everybody loves endings, especially happy endings. It's the hard work in between that demands the attention and effort of savvy leaders.

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7. *Making everyone a hero.* Remembering to recognize, reward, and celebrate accomplishments is a critical leadership skill. And it is probably the most underutilized motivational tool in organizations. There is no limit to how much recognition you can provide, and it is often free. Recognition brings the change cycle to its logical conclusion, but it also motivates people to attempt change again. So many people get involved in and contribute to changing the way an organization does things that it's important to share the credit. Change is an ongoing issue, and you can't afford to lose the talents, skills, or energies of those who can help make it happen.

Today's organizations have come to expect bold strokes from their leaders. Sometimes these are appropriate and effective—as when a project or product that no longer works is put to rest. But bold strokes can also disrupt and distract organizations. They often happen too quickly to facilitate real learning, and they can impede the instructive long marches that ultimately carry an organization forward. That is why imagination, professionalism, and openness are essential to leadership, not just to leading change. They give organizations the tools to absorb and apply the lessons of the moment.

Likewise, techniques that facilitate change within organizations—creating listening posts, opening lines of communication, articulating a set of explicit, shared goals, building coalitions, acknowledging others—are key to creating effective partnerships and sustaining

Sticky Moments in the Middle of Change—and How to Get Unstuck

Every idea, especially if it is new or different, runs into trouble before it reaches fruition. However, it's important for change leaders to help teams overcome four predictable—but potentially fatal—roadblocks to change.

• *Forecasts fall short.* You have to have a plan—but if you are doing something new and different, you should not expect it to hold. Plans are based on experience and assumptions. When attempting to innovate, it is difficult to predict how long something will take or how much it will cost (you *can* predict, however, that it will probably take longer and cost more than you think). Change leaders must be prepared to accept serious departures from plans. They must also understand that if they hope to encourage innovation it is foolish to measure people's performance according to strictly planned delivery.

• *Roads curve.* Everyone knows that a new path is unlikely to run straight and true, but when we actually encounter those twists and turns we often panic. Especially when attempting to make changes in a system, diversions are likely, and unwelcome.

It's a mistake to simply stop in your tracks. Every change brings unanticipated consequences, and teams must be prepared to respond, to troubleshoot, to make adjustments, and to make their case. Scenario planning can help; the real message is to expect the unexpected.

• *Momentum slows.* After the excitement and anticipation of a project launch, reality sinks in. You do not have solutions to the problems you face; the multiple demands of your job are piling up; the people you have asked for information or assistance are not returning your calls. The team is discouraged and enmeshed in conflict. It is important to revisit the team's mission, to recognize what's been accomplished and what remains, and to remember that the differences in outlook, background, and perspective that now may divide you will ultimately provide solutions.

• *Critics emerge.* Even if you have built a coalition and involved key stakeholders, the critics, skeptics, and cynics will challenge you—and they will be strongest not at the beginning but in the middle of your efforts. It is only then that the possible impact of the change becomes clear, and those who feel threatened can formulate their objections. This is when change leaders—often with the help of coalition members, outside partners, or acknowledged experts—can respond to criticism, remove obstacles, and push forward. Tangible progress will produce more believers than doubters.

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high performance, not just to managing change. They build the trust and commitment necessary to succeed in good times or in bad. Even periods of relative stability (unusual for most organizations) require such skills.

Change has become a major theme of leadership literature for a good reason. Leaders set the direction, define the context, and help produce coherence for their organizations. Leaders manage the culture, or at least the vehicles through which that culture is expressed. They set the boundaries for collaboration, autonomy, and the sharing of knowledge and ideas, and give meaning to events that otherwise appear random and chaotic. And they inspire voluntary behavior—the degree of effort, innovation, and entrepreneurship with which employees serve customers and seek opportunities.

Assets that cannot be controlled by rule are most critical to success.

Increasingly, the assets that cannot be controlled by rule are most critical to success. People's ideas or concepts, their commitment to high standards of competence, and their connections of trust with partners are what set apart great organizations. All these requirements can be enhanced by leaders, but none can be mandated. For all the upheaval of the past 15 years, that may be the biggest change of all. ■