The 8-Step Process for Leading Change
John P. Kotter

To successfully react to windows of opportunity, regardless of the focus — innovation, growth, culture, cost structure, technology — a new methodology of change leadership is required.

Thirty years of research by leadership guru Dr. John Kotter have proven that 70% of all major change efforts in organizations fail. Why do they fail? Because organizations often do not take the holistic approach required to see the change through.

However, by following the 8-Step Process outlined by Dr. Kotter, organizations can avoid failure and become adept at change. By improving their ability to change, organizations can increase their chances of success, both today and in the future. Without this ability to adapt continuously, organizations cannot thrive.

Dr. Kotter has proven over his years of research that following The 8-Step Process for Leading Change will help organizations succeed in an ever-changing world.

Step 1: Establishing a Sense of Urgency

Help others see the need for change and they will be convinced of the importance of acting immediately. Help others feel a gut-level determination to move and win, *now*

In their rush to make a plan and take action, most companies ignore this step — indeed close to 50% of the companies that fail to make needed change make their mistakes at the very beginning. Leaders may underestimate how hard it is to drive people out of their comfort zones, or overestimate how successfully they have already done so, or simply lack the patience necessary to develop appropriate urgency.

Leaders who understand the importance of a sense of urgency are good at taking the pulse of their company and determining whether the state of the organization is:

Complacency - Complacency can occur whether your organization is at the top of their market or facing bankruptcy. It's a state where people fail to react to signs that action must be taken, telling themselves and each other, "Everything is fine."

False urgency - People are busy, working-working-working, but their actions don't result in helping the business succeed in their primary goal. This leads to unproductive results, and eventually, burnout.

True urgency - People are clearly focused on making real progress every single day. Urgent behavior is driven by a belief that the world contains great opportunities and great hazards. It inspires a gut-level determination to move, and win, now.

There are some tried and true ways companies go about creating true urgency. Usually the urge is to skip to the doing rather than spend the required time it takes to get

a significant number of employees urgent. Here are the most common ways companies fail and succeed at establishing true urgency:

Guaranteed to Fail: The problem in failed change initiatives is rarely that the case for change is poorly thought out, or not supported with sufficient facts. A solid business case that has a theoretically "compelling" rationale only appeals to people's head and not their heart.

Guaranteed to Succeed: Leaders who know what they are doing will "aim for the heart." They will connect to the deepest values of their people and inspire them to greatness. They will make the business case come alive with human experience, engage the senses, create messages that are simple and imaginative, and call people to aspire.

Step 2: Creating the Guiding Coalition

Assemble a group with enough power to lead the change effort, and encourage the group to work as a team. No one person, no matter how competent, is capable of single-handedly:

- developing the right vision,
- communicating it to vast numbers of people,
- eliminating all of the key obstacles,
- generating short term wins,
- leading and managing dozens of change projects, and
- anchoring new approaches deep in an organization's culture.

Putting together the right coalition of people to lead a change initiative is critical to its success. That coalition must have the right composition, a significant level of trust, and a shared objective.

The Importance of Teams to Decision Making

In a rapidly changing world, complex organizations are forced to make decisions more quickly and with less certainty than they would like and with greater sacrifice than they would prefer. It is clear that teams of leaders and managers, acting in concert, are the only effective entities that can make productive decisions under these circumstances.

It is essential that the team develop a level of trust in one another. This is the glue that makes the team function well. In today's world, team building has to happen quickly. Typically, this occurs in an off-site with carefully facilitated activities that allows for team members to make connections between both hearts and minds.   Constructing the right team and then combining a level of trust with a shared goal in which the team believes can result in a guiding coalition that has the capacity to make needed change happen despite all of the forces of inertia.

The Four Qualities of an Effective Guiding Coalition

In putting together a Guiding Coalition, the team as a whole should reflect:
- **Position Power**: Enough key players should be on board so that those left out cannot block progress.

- **Expertise**: All relevant points of view should be represented so that informed intelligent decisions can be made.
- **Credibility**: The group should be seen and respected by those in the firm so that the group's pronouncements will be taken seriously by other employees.
- **Leadership**: The group should have enough proven leaders to be able to drive the change process.

Step 3: Developing a Change Vision

Create a vision to help direct the change effort, and develop strategies for achieving that vision. Clarify how the future will be different from the past.

A clear vision serves three important purposes. First, it simplifies hundreds or thousands of more detailed decisions. Second, it motivates people to take action in the right direction even if the first steps are painful. Third, it helps to coordinate the actions of different people in a remarkably fast and efficient way. A clear and powerful vision will do far more than an authoritarian decree or micromanagement can ever hope to accomplish.

Many visions are deceptively mundane. Often the vision is part of a larger system that includes strategies, plans and budgets. However, the vision is the glue that holds these things together and makes sense of them both for the mind and the heart. A good vision can demand sacrifices in order to create a better future for all of the enterprise's stakeholders.

Such visions must be seen as strategically feasible. To be effective, a vision must take into account the current realities of the enterprise, but also set forth goals that are truly ambitious. Great leaders know how to make these ambitious goals look doable. When a vision is undergirded with a strong, credible strategy, it becomes evident to the stakeholders that the vision is not a pipe dream.

A vision must provide real guidance. It must be focused, flexible and easy to communicate. It must both inspire action and guide that action. It should be a touchstone for making relevant decisions, but not be so constricting as to reduce the possibility of empowering action. Finally, it must be communicable. If it cannot be explained quickly in a way that makes intuitive sense, it becomes useless.

Thus, effective visions have six key characteristics. They are:
- **Imaginable**: They convey a clear picture of what the future will look like.
- **Desirable**: They appeal to the long-term interest of those who have a stake in the enterprise.
- **Feasible**: They contain realistic and attainable goals.
- **Focused**: They are clear enough to provide guidance in decision making.
- **Flexible**: They allow individual initiative and alternative responses in light of changing conditions.
- **Communicable**: They are easy to communicate and can be explained quickly.
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Step 4: Communicating the Vision for Buy-in

Make sure as many as possible understand and accept the vision and the strategy. Ensuring that as many people as possible understand and accept the vision.

Gaining an understanding and commitment to a new direction is never an easy task, especially in complex organizations. Undercommunication and inconsistency are rampant. Both create stalled transformations.

Most companies undercommunciate their visions by at least a factor of 10. A single memo announcing the transformation or even a series of speeches by the CEO and the executive team are never enough. To be effective, the vision must be communicated in hour-by-hour activities. The vision will be referred to in emails, in meetings, in presentations – it will be communicated anywhere and everywhere.

Executives will use every effective communication channel possible to broadcast the vision. They turn boring and unread company newsletters into lively articles about the vision. Ritualistic and tedious quarterly meetings are turned into exciting discussions about transformation. Generic education programs are thrown out and replaced with sessions that focus on business problems and the new vision.

In communicating the vision for the transformation, there are some things to keep in mind. The vision should be:
- **Simple:** No techno babble or jargon.
- **Vivid:** A verbal picture is worth a thousand words – use metaphor, analogy, and example.
- **Repeatable:** Ideas should be able to be spread by anyone to anyone.
- **Invitational:** Two-way communication is always more powerful than one-way communication.

In pursuit of simplicity, fewer words are better. Consider the following:

Version 1: Our goal is to reduce our mean time to repair parameters so that they are perceptually lower than all major competitors inside the United States and out. In a similar vein, we have targeted new product development cycle times, order process times, and other customer-relevant processes for change.

Version 2: We are going to become faster than anyone in our industry at satisfying customer needs.

Actions Speak Louder Than Words

Even more important than what is said is what is done. Leaders who transform their organizations "walk the talk." They seek to become a living example of the new corporate culture that the vision aspires to. Nothing undermines a communication program more quickly than inconsistent actions by leadership. Nothing speaks as powerfully as someone who is backing up their words with behavior. When an entire team of senior management starts behaving differently and embodies the change they want to see, it sends a powerful message to the entire organization. These actions increase motivation, inspire confidence and decrease cynicism.

Step 5: Empowering Broad-based Action

Remove obstacles to change, change systems or structures that seriously undermine the vision, and encourage risk-taking and nontraditional ideas, activities, and actions. Removing as many barriers as possible and unleashing people to do their best work.

Structural Barriers

Many times the internal structures of companies are at odds with the change vision. An organization that claims to want to be customer focused finds its structures fragment resources and responsibilities for products and services. Companies that claim to want to create more local responsiveness have layers of management that second guess and criticize regional decisions. Companies that claim to want to increase productivity and become a low-cost producer have huge staff groups that constantly initiate costly procedures and programs. The list is endless.

Many times, these are the most difficult barriers to get past because they are part of the internal structure of the company. Realigning incentives and performance appraisals to reflect the change vision can have a profound effect on the ability to accomplish the change vision.

Management information systems can also have a big impact on the successful implementation of a change vision. Up-to-date competitive information and market analysis, and the ability to communicate powerfully and effectively throughout the company in a cost effective way can speed up feedback loops and provide information necessary for people to do their jobs more efficiently.

Troublesome Supervisors

Another barrier to effective change can be troublesome supervisors. Often these managers have dozens of interrelated habits that add up to a style of management that inhibits change. They may not actively undermine the effort, but they are simply not "wired" to go along with what the change requires. Often enthusiastic change agents refuse to confront these people. While that approach can work in the early stages of a change initiative, by Step 5 it becomes a real problem. Easy solutions to this problem don't exist. Sometimes managers will concoct elaborate strategies or attempt manipulation to deal with these people. If done skillfully this only slows the process and, if exposed, looks terrible – sleazy, cruel and unfair – and undermines the entire effort. Typically, the best solution is honest dialogue.

Step 6: Generating Short-term Wins

Plan for achievements that can easily be made visible, follow-through with those achievements and recognize and reward employees who were involved. Creating visible, unambiguous success as soon as possible.

For leaders in the middle of a long-term change effort, short-term wins are essential. Running a change effort without attention to short-term performance is extremely risky. The Guiding Coalition becomes a critical force in identifying significant improvements that can happen between six and 18 months. Getting these wins helps

ensure the overall change initiative's success. Research shows that companies that experience significant short-term wins by fourteen and twenty-six months after the change initiative begins are much more likely to complete the transformation.

Realizing these improvements is a challenge. In any change initiative, agendas get delayed, there is a desire to ensure that customers are not affected, political forces are at work – all of which slow the ability to perform as promised. However, short-term wins are essential.

To ensure success, short term wins must be both visible and unambiguous. The wins must also be clearly related to the change effort. Such wins provide evidence that the sacrifices that people are making are paying off. This increases the sense of urgency and the optimism of those who are making the effort to change. These wins also serve to reward the change agents by providing positive feedback that boosts morale and motivation. The wins also serve the practical purpose of helping to fine tune the vision and the strategies. The guiding coalition gets important information that allows them to course-correct.

Short-term wins also tend to undermine the credibility of cynics and self-serving resistors. Clear improvements in performance make it difficult for people to block the needed change. Likewise, these wins will garner critical support from those higher than the folks leading the change (bosses, board, and shareholders). Finally, short-term wins have a way of building momentum that turns neutral people into supporters, and reluctant supporters into active helpers.

Planning not Praying
Short-term wins rarely simply happen. They are usually the result of careful planning and effort. Why don't people plan for these? Often they are overwhelmed with the tasks of the change effort and simply take their eye off this particular ball. In other cases, people don't even try because they believe that you can't produce major change and short-term performance results. Finally, the lack of short-term wins can often be traced back to insufficient management expertise on the Guiding Coalition or a lack of commitment by key managers to the change initiative.

Pressure to Perform
Clearly the need to get short-term wins adds a great deal of pressure to an organization in the midst of a transformation effort. However, when done skillfully, the need to create short-wins can actually increase the sense of true urgency and actually accomplishing these goals does much to cement the change initiative.

Step 7: Never Letting Up
Use increased credibility to change systems, structures, and policies that don't fit the vision, also hire, promote, and develop employees who can implement the vision, and finally reinvigorate the process with new projects, themes, and change agents. Consolidating gains and producing more change

Resistance is always waiting in the wings to re-assert itself. Even if you are successful in the early stages, you may just drive resistors underground where they wait for an opportunity to emerge when you least expect it. They may celebrate with you and then suggest taking a break to savor the victory.

The consequences of letting up can be very dangerous. Whenever you let up before the job is done, critical momentum can be lost and regression may soon follow. The new behaviors and practices must be driven into the culture to ensure long-term success. Once regression begins, rebuilding momentum is a daunting task.

In a successful major change initiative, by step 7 you will begin to see:
• More projects being added
• Additional people being brought in to help with the changes
• Senior leadership focused on giving clarity to an aligned vision and shared purpose
• Employees empowered at all levels to lead projects
• Reduced interdependencies between areas
• Constant effort to keep urgency high
• Consistent show of proof that the new way is working
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A Long Road
Leadership is invaluable in surviving Step 7. Instead of declaring victory and moving on, these transformational leaders will launch more and more projects to drive the change deeper into the organization. They will also take the time to ensure that all the new practices are firmly grounded in the organization's culture. Managers, by their nature, think in shorter timeframes. It is up to leaders to steer the course for the long-term. Without sufficient and consistent leadership, the change will stall, and succeeding in a rapidly changing world becomes highly problematic.

Step 8: Incorporating Changes into the Culture

Articulate the connections between the new behaviors and organizational success, and develop the means to ensure leadership development and succession. Anchoring new approaches in the culture for sustained change.

New practices must grow deep roots in order to remain firmly planted in the culture. Culture is composed of norms of behavior and shared values. These social forces are incredibly strong. Every individual that joins an organization is indoctrinated into its culture, generally without even realizing it. Its inertia is maintained by the collective group of employees over years and years. Changes – whether consistent or inconsistent with the old culture – are difficult to ingrain.

This is why cultural change comes in Step 8, not Step 1. Some general rules about cultural change include:

• **Cultural change comes last, not first**
• **You must be able to prove that the new way is superior to the old**
• **The success must be visible and well communicated**
• **You will lose some people in the process**

- **You must reinforce new norms and values with incentives and rewards – including promotions**
- **Reinforce the culture with every new employee**

Tradition is a powerful force. We keep change in place by creating a new, supportive and sufficiently strong organizational culture. A Guiding Coalition alone cannot root change in place no matter how strong they are. It takes the majority of the organization truly embracing the new culture for there to be any chance of success in the long term.