LEADING CHANGE
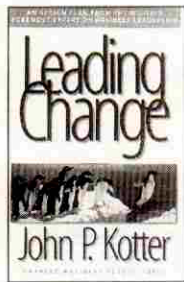JOHN P. KOTTER

In an ideal world, organizational change would significantly help organizations adapt to shifting conditions. But in reality, says John P. Kotter, change efforts in most organizations are mediocre at best and sometimes fail miserably.

In his book *Leading Change*, Kotter cites eight critical errors that contribute to bungled change efforts:

▶ allowing too much complacency
▶ failing to create a sufficiently powerful guiding coalition
▶ underestimating the power of vision
▶ undercommunicating the vision by a factor of 10 (or 100 or even 1,000)
▶ permitting obstacles to block the new vision
▶ failing to create short-term wins
▶ declaring victory too soon
▶ neglecting to anchor change firmly in the corporate culture.

The consequences of those errors are serious: New strategies aren't implemented well, acquisitions don't achieve expected synergy, and quality-based programs don't deliver hoped-for results, says Kotter.

The biggest mistake that people make when trying to establish change in organizations is "to plunge ahead without establishing a high-enough sense of urgency in other managers and employees," says Kotter.

To counteract the eight errors, Kotter provides an eight-stage process for creating major change. He points out that successful change goes through all eight stages and that skipping a single step or getting too far ahead can create problems.

In addition to following the eight-stage process, Kotter says that another key component of transformation is leadership. By leadership, he does not mean management, which he defines as "a set of processes that can keep a complicated system of people and technology running smoothly."

Instead, Kotter defines leadership as "a set of processes that creates organizations…or adapts them to significantly changing circumstances."

"Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles," says Kotter. Managers are concerned with planning and budgeting, organizing and staffing; leaders establish direction and align people.

In chapter 4, Kotter outlines a plan for creating a guiding coalition. No one individual, says Kotter, is ever able to develop the right vision, communicate it to large numbers of people, eliminate all the key obstacles, generate short-term wins, lead and manage dozens of change projects, and anchor new approaches deep in the organization's culture. He recommends a strong guiding coalition, which is an essential part of any effort to restructure, reengineer, or retool.

In putting together that "dream team," Kotter suggests these guidelines:

Position power. Are enough key players on board, especially line managers, so that those left out cannot block progress easily?
Expertise. Are the relevant points of view—in terms of people's discipline, work experience, and cultural backgrounds—represented adequately so that informed, intelligent decisions will be made?
Credibility. Does the group have enough people with good reputations in the firm so that its pronouncements will be taken seriously?
Leadership. Does the group include enough proven leaders to be able to "drive" the change process?

Kotter also warns readers about two types of individuals who should be avoided when putting together the coalition.

"The first have egos that fill up a room, leaving no space for anybody else. The second are what I call 'snakes,' people that create enough mistrust to kill teamwork."

Next, Kotter describes how to develop an effective vision. His advice should be viewed in light of other

books that have attempted to explain that complicated task. He does, however, make an important point: An ineffective vision may be worse than no vision at all. At the end of chapter 4, Kotter cautions:

"Whenever you leave one of the steps in the eight-stage change process without finishing the work, you usually pay a big price later on. Without a sufficiently strong foundation, the redirection collapses at some point, forcing you to go back and rebuild."

It is worth mentioning that unlike some similar books, *Leading Change* should be read from start to finish. Kotter's program for change is highly structured, and it leaves little room for flexibility. And although his guidelines are obvious in places, the progression of the eight-stage process is crucial. In fact, the order of Kotter's plan is more notable than its individual parts.

In what is perhaps the most absorbing chapter in the book, "The Organization of the Future," Kotter predicts that in the next century, if the rate of change continues to climb, the urgency rate of successful organizations will have to be medium to high all of the time. Kotter believes that organizations will be nonbureaucratic with fewer rules and employees. They will distribute performance data more widely and offer management training and support systems to more employees. In addition, says Kotter, the culture of the 21st-century organization will be more externally oriented, empowering, open, and risk-tolerant.

Last, Kotter reiterates that leadership is the catalyst that will drive those organizational changes.

Bottom line: As a respected expert on business leadership, Kotter has outlined a clear and dynamic plan for leading change. But don't expect any earth-shattering messages; the bulk of *Leading Change* covers well-trodden ground.

Leading Change, by John P. Kotter. 224 pp. Boston, MA: Harvard Business School Publishing. 617/495-6700. $24.95
Circle 245 on reader service card.

HUMAN RESOURCE CHAMPIONS

DAVE ULRICH

In *Human Resource Champions*, Dave Ulrich argues that HRD's role will have to be redefined to meet the current challenges facing most organizations. His book explores how HRD professionals and line managers can work together to "champion the competitive organization of the future."

Ulrich describes eight major challenges facing executives and says that each challenge requires new approaches to delivering HRD. They include globalization, profitability through cost and growth, change, technology, and attracting and retaining intellectual capital. In order to meet those challenges, says Ulrich, HRD must refocus its efforts.

"As champions of competitiveness, HR professionals must focus more on the deliverables of their work than on doing their work better. They must articulate their role in terms of value created. They must create mechanisms to deliver HR so that business results quickly follow. They must learn to measure results in terms of business competitiveness rather than employee comfort and lead cultural transformation rather than consolidate, reengineer, or downsize when a company needs a turnaround."

The deliverables are strategy execution, administrative efficiency, employee commitment, and transformation and change. Ulrich also looks at the four roles that HR must master in order to adapt to the changing business world. In chapter 3, Ulrich says that becoming a strategic partner—the first role—means that HRD must

- establish an organizational architecture and be able to use it to translate strategy into action
- learn to perform effective organizational diagnoses by asking the appropriate questions and by generating creative and apt alternative practices
- set priorities for initiatives and then follow through on them.

Another important role is that of administrative expert, which requires mastering two phases of reengineering: improving processes and rethinking value creation.

The third critical role is employee champion. Ulrich says that HRD professionals must "demonstrate to employees the confidence and trust of ministers, the sensitivity of psychologists, the creativity of artists, and the discipline of pilots." He examines several case studies and some serious employee problems that HRD typically handles. For example, Ulrich explains how Intel's HRD staff deals with downsizing and redeployment, using redeployment to upgrade the skills of its workforce. It created a redeployment fund of $10 million to be used for outsourcing, retraining, and relocating laid-off employees. It also worked to move employees between divisions instead of letting them go.

"They [HRD people] engaged in workforce planning to anticipate workforce numbers and competencies needed in the future. They helped employees assess their skills and match them with the company's present and future needs. As a result of these efforts, 92 percent of Intel employees in a recent survey stated that they felt they 'owned their own employability.'"

In chapter 6, Ulrich shows how HRD professionals can act as change agents to build an organization's capacity to handle initiatives, processes, and cultural change.

For example, at General Electric, transformation efforts have been occurring since the early 1980s. As new values have taken hold, work processes have had to be modified. HRD has played an important role in all of GE's changes.

"As businesses were diversed and acquired, HR professionals on the restructuring teams helped to determine the value of assets and quality of management of the business and [helped] develop an integration or separation process appropriate to each."

Ulrich suggests that HRD take these steps to help their organizations meet new objectives:

- Identify key success factors for building a capacity for change.
- Provide the extent to which the key success factors are being managed.
- Identify the improvement activities for each success factor.

ADDITIONAL READING

Leading Your Team, by Andrew Leigh and Michael Maynard. 232 pp. Sonoma, CA: Nicholas Brealey Publishing, 707/939-9212. $17.95.
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The Complete Computer Trainer, by Paul Clothier. 300 pp. New York, NY: McGraw-Hill, 212/337-5951. $39.95.
Circle 248 on reader service card.

Team Think, by Ava S. Butler. 218 pp. New York, NY: McGraw-Hill, 212/337-5951. $14.95.
Circle 249 on reader service card.

The Corporate Intranet, by Ryan Bernard. 395 pp. New York, NY: John Wiley & Sons, 908/469-4400. $29.95.
Circle 250 on reader service card.

Once those four roles have been achieved, HRD must also "champion HR principles within its departments." Chapter 7 includes a table summarizing HRD strategies in 13 companies. The table shows each company's vision, mission, values, initiatives, priorities, actions, and measures.

Ulrich is careful to point out that HRD's role is fundamental to building a competitive organization. His book aims to help HRD professionals evaluate and improve HRD practices and HRD departments.

By following the guidelines set forth in *Human Resource Champions*, readers may learn how to manage change, engage employees, execute strategy, and operate more effectively. **Bottom line:** This book provides a thorough framework for repositioning HRD to meet the competitive challenges that businesses confront.
Human Resource Champions, by Dave Ulrich. 288 pp. Boston, MA: Harvard Business School Press, 617/495-6700. $29.95
Circle 246 on reader service card.

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