



Transformation – A Few Lessons from the Private Sector

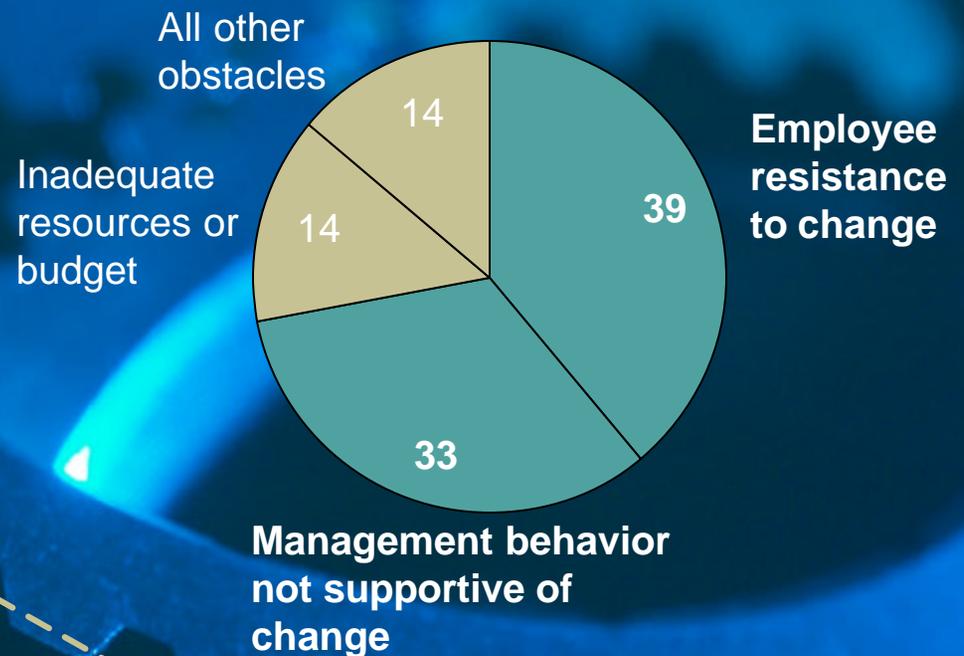
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TYPICALLY, ORGANIZATIONAL INERTIA IS THE KEY FACTOR UNDERLYING THE FAILURE TO IMPROVE PERFORMANCE

70% of change failures are due to organizational issues

Factors contributing to failure %



Sources: Beer and Nohria (2000); Cameron and Quinn (1997); CSC Index; Caldwell (1994); Gross et al. (1993); Kotter and Heskett (1992); Hickings (1988); Conference Board report (Fortune 500 interviews); press analysis; McKinsey analysis

CHARACTERISTICS OF CULTURE CHANGE PROGRAM FAILURES

- There is **no obvious connection** to outcomes that the organization values
- The **aspirations** of the organization are **not clear**, concise, or communicated
- The desired **behaviors** are **not role-modeled**, trained, or reinforced
- The top team is **not aligned**
- The informal "how things get done" remain **inconsistent** with **espoused values**
- The **change champions lose interest** and move to the "next" change program
- The **leaders** charged with implementing the change **do not possess the requisite knowledge**, skills, and abilities
- The **project team** is not committed, or is not functional

A LOT OF THE RESISTANCE TYPICALLY COMES FROM THE TEAM ITSELF – 10 THEMES WE OFTEN HEAR FROM TRANSFORMATION TEAMS

- **"This change makes my life harder, with no guarantees."** "I just had my personal number goals doubled. I might be able to make them with my old way of working, I sure do not want to be gambling with a new way" "I don't really see why this will make a difference; the old way works just fine."
- **"Better to just keep my head down."** "No one ever got shot for doing things the good old fashioned way, as long as they produced the bottom line."
- **"Who wants to be associated with a failure?"** "These things usually fail. I can't avoid being on this project, but I can avoid being too associated with it if I keep it low on my priority list and comply, not lead."
- **"I am not going to get the support I need."** "I won't get the support I need unless other people's incentives are changed and new infrastructure is in place, and they won't be – this is doomed."
- **"My boss thinks this is dumb and a distraction."** "My boss has made it clear that this new way of working is an extra-curricular activity - I can't let it detract from my real job. He/she is not invested in the success of the program."
- **"Top leadership doesn't care."** "The company leadership isn't really involved, and I will never get noticed for my contribution anyway – this is just extra make-work with no upside" "When the consultants leave, this will go away."
- **"I don't trust the other people on this team."** "Some are just out for themselves, trying to impress senior executives." "Not everyone wants us to succeed." "Not everyone is pulling their weight." "I can count on people hearing my "confidential" opinions, including my boss."
- **"My friends think this is dumb."** "The people I have to work with when I get done with this program think this is a waste of time."
- **"This is just the flavor of the month."** "These programs come and go." "You just have to wait them out"
- **"I shouldn't be on this team."** "My time would be better spent somewhere else" "This group is too senior/junior for me to participate in effectively." "I don't have much to contribute."