



## 10 REASONS WHY ORGANIZATIONAL CHANGE FAILS

***Most major organizational change ends in failure. How can you beat the odds and be successful?***

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The cost of a failed transformation to a company, such as a major restructuring, an expansion into a new geography, or the integration of an acquired business, can be very high, with the direct costs of external consulting and internal management time piling in comparison to lost opportunities, disruption and change fatigue.

And in most cases, major organizational change initiatives fail outright or do not achieve their desired objectives, according to [recent research by IMD](#).

So if your organization needs to change in fundamental ways, how can you beat the odds and be successful? The starting point is to understand why most transformation efforts fail. In our work with hundreds of senior executives seeking to change their organizations, we've seen the following ten factors increase the likelihood of failure.

### **1. No clear and compelling case for change**

When people don't understand why change is necessary, anxiety, cynicism and resistance inevitably build. Most major transformations are justified from a financial returns standpoint, but the rationale for large-scale change must be clear and compelling for all of the key stakeholders. If you don't help critical groups of people understand why change is necessary and how it will affect them, you will never get to the rest of the story. Even with a solid intellectual rationale for change, people inevitably want to understand the implications for and impact on them.

### **2. Lack of senior team alignment**

The leadership requirements of leading a transformation are quite different from those of leading a business or function in steady-state or even a smaller, more focused change effort. By definition, transformations are comprehensive makeovers of the way work is done. Leading such efforts involves making progress on an array of projects or workstreams that need to be managed in a traditional sense, but that also need to be pulled together in ways that require close collaboration and difficult tradeoffs. Only the senior leadership team can do this work.

### **3. Abdication of leadership's responsibility to drive the process**

While necessary, senior team alignment is not sufficient. The team needs to remain fully engaged throughout the transformation process, even as they continue to run the business. Given the significant competitive and operational pressures that senior teams face, it's all-too-easy for leaders to abdicate their responsibility for actively directing, leading and monitoring the transformation. This often is reinforced by the organization's reward system, which incentivizes a shorter-term, more operational focus.

### **4. Insufficient focus on co-creation in design**

Given the times, organizational transformation consulting unsurprisingly is a thriving business. However, given the high failure rates, it's clear few actually are delivering the value they promise. This is particularly true for consultants who use what we call the "doctor-patient model"; they diagnose the situation and prescribe solutions without engaging the patient in deciding what is best for them, without giving them *choice*. "Co-creation culturing" means building maximum alignment through the process by providing accurate and relevant data as the basis for critical discussions, always pushing for assessment of multiple options (whether different strategic directions or different organization designs) and reaching agreement by openly, collectively assessing the different options against a clear set of criteria for success.

## **5. *Communicating without really engaging***

It's not enough for leadership to put substantial time and attention into articulating and communicating the business case for transformation. They have to do it in ways that truly enlist employees in the transformation process. Too often, however, they fail to get them really onboard, even when there is a burning platform providing a clear and compelling rationale for change. This is because one-way communication, even with the best of supporting materials, is not enough to win employees over to being willing change agents. To enlist employees, leadership has to be willing to let things get somewhat messy, through intensive, authentic engagement and the involvement of employees in making the transformation work.

## **6. *Inadequate focus on culture change***

Culture change is always an essential element of transformation. Culture is “how we do things around here” – the norms and ways of operating that underpin getting work done. If that doesn't change in necessary ways, then all the work to change strategy, structure and systems is likely to come to naught. Culture is, however, hard to work on directly. *It can only be changed by altering peoples' behaviors.* The first step is to clearly define what behaviors are necessary for driving the transformation. The next is to figure out what levers are available to alter them.

## **7. *Lack of accurate, timely feedback on progress***

It's essential to figure out early if key initiatives are not progressing as planned and, if not, to rapidly take corrective action. It's like a sailboat that is off course; the longer it continues, the harder it is to correct. This means you must be able to “sense and respond” to emerging developments as things progress by building a system that includes a transformation dashboard to track momentum and assess progress over long stretches of time, mechanisms for feeding back what has been heard, learned and is being acted on to employees. It is also important periodically to step back and simply ask each other “what are we feeling and hearing?”

## **8. *Failure to create (and sustain) momentum***

A transformation is a journey, not a trip; a marathon not a sprint; a passage to a new way of life, not a modified way of doing business. However you choose to characterize it, all transformations share a handful of common denominators: They take long periods of time (years, not months), they are “epic” in their scope, they are grueling in their intensity, and they are punishing in their relentless need for consistency, consistency, consistency on the part of leadership.

## **9. *No focused effort to accelerate the transition phase***

Organizational transformation efforts rarely fail because of bad design, but rather from lack of sufficient attention to the transition from the old organization to the new one. There is a tendency to treat “Day One” of the new organization as the end of the journey, and not the start of a critical new phase of activity devoted to “breathing life” into the new organization. Avoiding these problems requires attention and investment in rapidly “rewiring” the organization during the transition phase.

## **10. *Insufficient investment in developing people to succeed***

Finally, too many transformation initiatives fail to focus on development of the capabilities required for people to be successful in the new organization. This is a mistake for two reasons. First, organizational transformation always alters the nature of “the work” that must be done. Second, one of the biggest reasons people resist change is the fear that they won't be able to be successful in the new organization, that “what got them here won't get them

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there.” So, an upfront commitment to invest in helping people be successful reduces resistance.

### ***Putting it all together***

Avoiding these ten pitfalls doesn’t guarantee success, but it will vastly increase its likelihood. The winning starts with clearly defining the case for change and ends with an effective effort to build the new competencies the organization needs.

*This is a condensed version of an article [that appeared on TLNT.com](#).*