

Why Change is So Difficult

Success in the past always becomes enshrined in the present by the over-valuation of the policies and attitudes which accompanied that success. As long as the environment and competitive behavior do not change, these beliefs and policies contribute to the stability of the firm.

However, with time these attitudes become embedded in a system of beliefs, traditions, taboos, habits, customs, and inhibitions which constitute the distinctive culture of that firm. Such cultures are as distinctive as the cultural differences between nationalities or the personality differences between individuals. They do not adapt to change very easily.

These characteristics are deep-seated and difficult to change. Frequently, this means that the organization becomes the prisoner of its own past success. Such individual characteristics become so much a part of the firm that any effort to change them is quite likely to be viewed as an attack upon the organization itself.

Examples of these observations are a matter of common experience:

- The sharp and painful adjustments when two comparable organizations merge are the inevitable consequences of the differences in corporate style and culture.
- When a new chief executive is appointed from outside the organization, one of two actions will follow. There will either be a substantial period with little change while he gets “to know” the organization, or there will be a period of considerable stress and perhaps personnel turnover while a new corporate culture is being evolved.

These problems of change cannot be avoided, however. All organizations, like all organisms, must adapt to changes in their environment, or die. All organizations *do* change when put under sufficient pressure. This pressure must either be external to the organization or be the result of very strong leadership.

It is rare for any organization to generate sufficient pressure internally from the ranks to produce significant change in direction. To do so is likely to be regarded as a form of dissatisfaction with the organization’s leadership. To change by evolution rather than revolution, the change must not only be tolerated but actively guided and directed in very explicit terms by the leadership of the firm.

In this process the corporate leadership faces major dilemmas. The organization’s investment in the status quo is always a heavy one. This is almost inherent in the definition of a culture. Changes in policy and strategy are inherently threatening, producing a whole series of changes in objectives, values, status values and hierarchy arrangements. Jobs, rank and many cherished beliefs are put into jeopardy.

Most of the organization is not in a position to see the needs for policy and organization change until long after the optimum time for action has passed. Corporate culture tends to blind the organization to a need for change until the organization as a whole can accept the reality of the need. But when the need is so obvious that the whole organization can recognize it, competitive advantage in flexibility and speed of response has been lost.

On the other hand, if an effort is made before there is a general awareness of the need, it endangers the very ability to lead. Any fundamental change in corporate policy is almost certain to be regarded by a significant part of the organization as irrational. No matter how sound the change may be, it is at some point rooted in a nonprov-

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able, intuitive concept of the relative values of a complex of factors affecting the future. There will always be a large part of the organization which does not perceive these values in the same way and, therefore, considers the change unwarranted and a reflection on the leadership's ability to make "reasonable" decisions.

It is obvious, as well, that major changes in policy have far reaching consequences that dictate caution and conservatism. The attitude toward change *is* always conservative or reactionary until both the reasons for the change and the consequences are clearly defined. This is an impossible set of preconditions for most policy changes. Any significant change produces a train of interrelated and often unanticipated corollary changes. Each policy has been keyed to others and changes in one require a reevaluation of the related policies. Too much readiness to change policies leads to a complete structuring of the corporate edifice with all the cost and confusion incident to any major reconstruction.

Not only the organization, but the leadership itself, incurs considerable risk by changing policy. By definition a policy is applied to decisions in the future. To be valid the policies must be based upon assumptions about the conditions and competition in the future. These assumptions in turn are based upon other assumptions. At some point the needed information becomes so problematical and conditional that further fact finding and analysis is unrewarding, and the decision becomes intuitive.

Such decisions on major issues constitute a severe exposure risk. The apparent verities of the past successes must be abandoned for unproven policies based upon uncertain data. And, to the risk of failure from incorrect choice, must be added the risk of failure in leadership because the organization just does not see the need for the change. Even the best chosen risks may still prove to be fatal to the current leadership if the consequences are unprovable in fact.

All the forces of corporate culture are set against change. Yet the rewards can be substantial for those managements who have strong enough leadership to both anticipate the change required and manage the evolution. The competitive advantages of superior strategy will only be available to those managements which can make major shifts in policy early enough for the need or the purpose not to be obvious to their organization as a whole or to their competitors.

There are at least three major requirements of management who expect to outperform their competition. The first is to conceive and make explicit a superior strategy. The second is to provide the leadership required to overcome the obstacles to change. The third, and often critical one, is to provide that leadership at a time when the organization as a whole would ordinarily oppose the changes required.

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