CHANGE: HOW ORGANIZATIONS ACHIEVE HARD-TO-IMAGINE RESULTS IN UNCERTAIN AND VOLATILE TIMES

BY: JOHN P. KOTTER, VANESSA AKHTAR, AND GAURAV GUPTA

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This Guide is intended to help teams engage more fully with the ideas, principles and practices described in the book, Change: How Organizations Achieve Hard-to-Imagine Results in Uncertain and Volatile Times by John P. Kotter, Vanessa Akhtar and Gaurav Gupta, by applying them to your own organization.

ABOUT THIS GUIDE

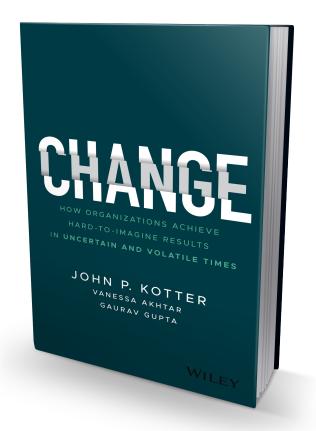
You'll find this Guide covers a lot more than can be absorbed in one or two hours. Choose the topics that are most relevant to your organization and take the time to thoroughly explore those that apply most to your group and the current situation. Come back when circumstances change for a different take on the contents as they become more relevant under future circumstances. Because, well, one theme of the book is that most certainly, circumstances WILL change.

For ease of use, we have created, for each of the book's chapters, a short summary followed by discussion questions you may want to use or modify for your group. The Guide for each chapter is otherwise unique and may include relevant videos, assessments, case studies, additional resources, and references to other chapters in the book. Videos and slides may be accessed for use in virtual settings or as overheads for in-person groups.

We encourage you to skip around and find the topics, questions and exercises that will best meet your needs now. To that end, we have referenced useful other chapters to pair with each chapter, along with additional resources to go more in-depth. If such resources are useful to you, please share with your group or include as part of the discussion, but if not, it's fine to skip what doesn't work for your group.

Needless-to-say, none of the assessments or exercises are meant to measure the group's understanding of the book. Rather they are there to invoke new and different ways of thinking about big changes your organization might be facing.

As a leader, you can help your group be most effective when you help them focus on what we can do rather than what we cannot.



CHAPTER 1: THREATS AND OPPORTUNITIES IN A RAPIDLY CHANGING WORLD

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CHAPTER OVERVIEW

As has been clearly highlighted by the Covid-19 crisis, the level of uncertainty, volatility, and complexity in the world has been increasing for the last few decades. Driven by demographics, geo-politics, and most importantly, technology changes, businesses today must adapt and change at an accelerating pace.

The need to adapt is nothing new. After all, Benjamin Franklin is quoted as saying "when you are finished changing, you are finished." What is new is how often we need to change, the pace at which we need to do it, and the complexity and volatility of the context within which we are operating. Internal change in organizations is not keeping pace with the external change and volatility, resulting in a growing gap between what is needed and what businesses are typically able to create.



Click to watch a brief video that sets the context of the current environment.

DISCUSSION QUESTIONS

- In what ways have you experienced greater uncertainty at work?
- What specific changes in the external environment has your business or team needed to adapt to in the last 3 years?
- How good is your business or team at adapting to these changes? [PROBE FOR: What are some successful examples? What are challenging examples?]
- What gets more "airtime:" threats or opportunities? [PROBE FOR: Why is that the focus? Why are those the things people focus on?]

CHAPTER 2: THE EMERGING SCIENCE OF CHANGE

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CHAPTER OVERVIEW

There is an emerging science of change and insights from this emerging science have been applied by a few forward-looking organizations to rapidly and successfully change how they operate, innovate, and adopt new technologies.

There is no magical sauce or impossible to replicate situation in these stories of success. People everywhere can be guided, facilitated, educated, and motivated to adopt new ways of thinking and working, to actually change their actions, resulting in sometimes astonishing business or mission impact. The emerging science has three major root systems. One involves the study of "human nature" and our resistance to, or capacity to, change. A second involves the study of the modern organization and its limitations. The third is the actual study of organizational change – barriers and accelerators.

DISCUSSION QUESTIONS

- Describe a time where you have experienced:
 - An overheated Survive Channel in a work situation
 - An under-activated Survive or Thrive Channel
 - A well-functioning Survive and/or Thrive Channel
- What differences do you notice between these experiences?
- The authors called out four pairs of principles associated with accelerating change in organizations: Have to and Want to, Head and Heart, Management and Leadership, Select Few and Diverse Many. For each of these pairs, do you think your team or organization leans more toward one than the other?
- Which principles might you need to dial up more?
- Are some parts of your organization better at change than others? If yes, why do you think that is the case? (the structure, the ways of working, the culture, etc.)



Click to watch a brief video on human nature and change.



Click to watch a brief video on limitations of the modern organizations.



Click to watch a brief video on leading change research.

CHAPTER 3: "STRATEGIC PLANNING" THAT DELIVERS RESULTS

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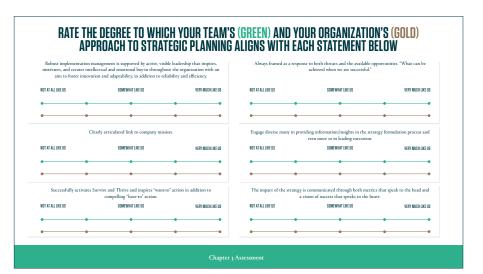
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Strategy and strategic planning have been a critical part of the business world since the 1960s. Strategy is essentially a mechanism for creating change within an organization, but as it is typically practiced, it is struggling to continue to do so in today's context. Strategy often inadvertently ignites too much Survive and too little Thrive. It is frequently too siloed and bureaucratic. It employs too small and homogeneous a group of drivers. It is the epitome of an entirely analytical exercise that does not inspire employees to want to get involved. It too often focuses on crises or problems and not opportunities. Most of all, it is very much a management activity, not a leadership-centric one.

Strategy that delivers results is framed around a compelling, inspiring opportunity that has the potential to excite the organization and spark Thrive. In this approach to strategy, senior leaders solicit input from across the organization in not just executing the strategy, but also in formulating it. The strategy is viewed as dynamic and agile, able to respond to changes in the external or internal context. It is not developed on artificial timetables like calendar years or strategy retreats but rather in response to opportunities or threats. When strategy is approached this way, organizations are better able to engage employees at all levels to drive results such as: increased sales and stock price, industry-leading employee engagement scores and drastically reduced involuntary turnover.



Click to download a short assessment to help spark conversation about your team's and organization's approach to strategy.

DISCUSSION QUESTIONS

- For how long do you think strategic plans are valid in today's world?
- What differences do you see in how the two organizations in the book (the health care company whose strategic efforts failed to deliver desired results and the health tech company whose strategic efforts exceeded expectations) approached strategy formulation and execution? Which story feels most like your organization, and why?
- How many people are typically involved in developing the strategic plan for your business or team? Who else might have information, insights, or ideas to contribute?
- What percentage of your team or organization could name the top strategic priorities? What percentage of your team or organization could articulate what's behind these strategic priorities, and their role in contributing to achieving them?
- How does your team or organization respond when there's a shift externally or internally that challenges the assumptions behind your strategy?
- How well is the reason behind the strategy articulated within your organization or team? What could be done differently to help more employees connect with, and interrogate your strategy?

CHAPTER 4: DIGITAL TRANSFORMATION THAT IS TRULY TRANSFORMATIONAL

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CHAPTER OVERVIEW

Perhaps more than any other single force, the digital revolution is changing the world in ways that are creating threats and opportunities for organizations everywhere. And in response, digital transformation, as an organizational change initiative to minimize threats and maximize the chances of gaining opportunity, is to some degree going on all around us at a pace that is causing us to re-evaluate our entire notion of speed and volatility.

Companies that have been successful at leading truly transformational digital efforts involve diverse masses, not just digital elites. They focus on the business opportunities enabled by technology, not just the technology implementation. They integrate the transformation with the business priorities, rather than treating the digital transformation as a siloed initiative. And, they recognize and address the fear and anxiety precipitated by the transformation, which helps accelerate adoption (and therefore, optimization) of new digital solutions.

What are your organization's top strategic priorities? Your team's?			What are the core elements of your organization's mission/vision/values?		
How will this digital transformation support and accelerate these priorities? What measures (including both leading and lagging indicators) will you use to judge progress/success?			Why will this digital transformation effort be critical in exemplifying and schiering your mission/vision/values?		
Who are key stakeholders and end users that will be most impacted by this digital effort?	What is their current level of involvement in the transformation effort?	What is their current level of readiness for the transformation effort? If it's high, how might you capitalize on this to build momentum?		What may trigger a Survive response for them? How might you mitigate this for them?	How might you begin to activate Thrive?
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Click to download a short worksheet to help you think more deeply about your digital transformation.

DISCUSSION QUESTIONS

- What is driving your organization's need for a digital transformation? (Consider both internal and external forces)
- How will your digital transformation efforts further your organization's or team's day-to-day operations, strategic priorities, mission?
- What is the current level of buy-in and/or adoption across your team or organization for digital transformation on a continuum from "very few know of it" to "most are eager to adopt it?"
- Are there pockets in your organization that have more momentum for digital transformation than others? If so, how might you begin to capitalize on that to further scale and accelerate progress?
- Are there particular people or groups that are especially resistant? What is most driving that resistance?
- As outlined in the chapter, digital transformation and technology implementations can trigger Survive for many people. What do you anticipate will trigger Survive for the stakeholder groups impacted by your digital transformation? How might you start to activate more Thrive for them?
- What might it look like to not just keep up with the competition from a digital perspective (i.e., making solely reactive moves), but to leapfrog ahead and become a digital leader in your space?

CHAPTER 5: RESTRUCTURING WITHOUT KILLING INNOVATION AND YOUR FUTURE

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Restructuring, which is generally reactive, and is almost always accompanied by workforce reduction, can in the right circumstances be a useful and even necessary methodology for producing change. However, all too often, the Survive response triggered by restructuring efforts leads to a loss in productivity and innovation, and a drop in trust, all of which take a long time to recover – time that enterprises can no longer afford.

An event that's as disruptive as restructuring will likely produce some anxiety, but the intensity can be mitigated by following an approach grounded in an understanding of human nature. An approach that starts with communicating broadly the reason behind, and benefits of, the restructuring. This vision cannot be only of a smaller or more cost-effective organization. It has to be of a thriving enterprise that is able to achieve previously impossible things. Contrary to the prevailing belief, engaging employees early around this vision can help calm Survive by helping employees understand what is, and is not, changing; empowering them to have a say in how, if not what, changes are being implemented; and creating platforms for open, honest discussion.

DISCUSSION QUESTIONS

Below are some questions to help you get started.

- What struck you about the Kraft-Heinz experience as most negative? Were there any positives?
- What struck you about the consumer products company experience as the most positive? Were there any negatives?
- If you have ever been in an organization undergoing a lay-off or restructuring, consider:
 - What aspects of your experience were more like the Kraft-Heinz story? What aspects were more like the consumer products company story?
 - What were the goals and objectives? How explicit were these? Were they achieved?
 - What went wrong or could have been done better?
- For an upcoming restructuring that will involve workforce reduction, what objectives around communication, budget, timing, organizational outcomes, and individual outcomes should you consider?

CHAPTER 5: RESTRUCTURING WITHOUT KILLING INNOVATION AND YOUR FUTURE This cercice is intended to simulate a lay-off in order to explore the "head" and "heart" described in this chapter that accompany a lay-off, by applying the chapter's concepts in a simulated environment. SCENARIO Discussion Leader 1. Divide your discussion group as follows: A. Ask people to indicate their hiring year (or mouth and year) by raising their hands and keeping them raised as you read off the time periods, starting with the most recent period and going backwards. B. Determine the cut off that will estudy in about 25% of the most newly hired people being in the "laid-off" group. Everyone clee will be the remaining group. 2. Announce: The leaders of this company have determined that due to the onset of the recent recession, 25% of the people currently employed on this team will need to be ladded if the company is to surver. They leaders further made the decision that the most recently hired will be the ones to be ke go. 5o, everyone who was hired after the cut off will be teg on a mounts time and everyone dee will remain. 3. Ask each group to convene separately to discuss (so minutee): A. What their concerns are B. What would result in the best outcome for the individuals D. What part they would like to play in decisions that have yet to be announced E. What kind of communications will they need between now and the time for the layoff E. How they want to interact with the other groups of the next, mounds

Chapter 5 Exercise

Case Study Ideas: Restructuring evokes very strong emotions and all too often those in charge of the decision-making fail to account for these emotions. One way to start to understand these emotions is through simulated case studies.



Click to watch a video of an executive in the global consumer products company discussed in the chapter.

CHAPTER 6: CULTURE CHANGE THAT HELPS YOU ADAPT

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There is a growing interest in cultural change as businesses increasingly realize the importance of corporate culture on performance. Most businesses, however, struggle to mold and evolve their culture to any meaningful degree. The formation and evolution of human and organizational culture operates similarly to genetic evolution. The random mutation that starts the sequence of change in our genome is mimicked in firms with either a deliberate or accidental change in behaviors. When this action results in better performance, a time-consuming dynamic begins which in turn can lead to new culture.

This is different from how most people try to create culture change. Organizations typically start by deciding what the culture is or should be and then communicate this (top-down) to managers, and all employees. This approach starts with telling people how to behave, and not surprisingly produces more glossy posters than real change. To successfully shape culture, we have to invert our thinking about how culture changes – it starts with new actions, which deliver better results, leading to broad imitation and new habits, which finally results in a new, emerging culture that then produces even more results.

CULTURE TRANSFORMATION UNDERSTANDING GURRENT STATE Rate the extree to which you agree with each of the below statements. Don't over think in: These statements are meant to be a jumping off point for conversation, rather than a detailed assessment of your organization. STRINGLY BIBLIEF STREET STRINGLY BIBLIEF AGRE AGRE

Click to download a short culture assessment.

DISCUSSION QUESTIONS

- Can you think of organizations whose culture seems to be an advantage? What about their culture is advantageous?
- What do you think would be needed in your team or organization to have a more adaptive culture?
- What does an ideal day in this organization feel like? Not the tasks but the look and feel. [PROBE FOR: How do people feel about going to work? How do employees greet one another? How are problems solved? What do people feel like when they depart from their workday? How does information flow? What are customers saying?]
- Are there pockets in your organization that have different (better or worse) cultures? What is driving this difference?
- What is the culture of this discussion group? [PROBE FOR: What are the acceptable behaviors? What isn't acceptable? What have you celebrated as a group? How have you addressed new ideas that have come up?]

CHAPTER 7: MERGERS AND ACQUISITIONS THAT CREATE REAL VALUE

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M&A activity has clearly been increasing over the last few decades. What is less clear is how effective mergers and acquisitions have been at creating additional value. Research suggest that half of M&A transactions do not achieve the "synergies" that justified the deals in the first place. Sometimes, the problem in retrospect was poorly analyzed deals, but most often the challenge is in integration, and specifically in cultural integration. This is evidenced in many high-profile mergers like Daimler and Chrysler, or Nextel and Sprint and, on a smaller scale, Nest and Dropcam.

These challenges can be avoided by focusing on cultural integration from the start – forming a vision for what new opportunities the merged companies will be able to take advantage of, creating integration teams that can both address Survive inducing barriers and innovate to spark Thrive, and engineering opportunities for employees all across the two organizations to collaborate and celebrate successes.

DISCUSSION QUESTIONS

Below are some questions to help you get started.

- How do traditional approaches to pursuing M&A activity stimulate Survive and/or Thrive responses among employees? Why?
- Have you ever experienced an organization that went through a merger or acquisition process? Did it meet the objectives? Why or why not?
- Based on your reading of this chapter and personal M&A experience, what's most important for leaders to consider to maximize integration success?
- The authors suggest an alternative approach to divestitures based on creating a "dual system" to maximize organizational agility. What factors are most important when considering these divergent ways to create more agile, higher-performing organizations?

M&A SUCCESS FACTORS

- Define an Inspiring, Clear End-State: Create a case for change that defines why the combined organizations will create greater value, why now is the optimal time to integrate, and what success will look like post-combination.
- Procus on an Integrated Culture (Not Just Integrated Processes and Operational Synergies): Articulate, model, and reward desired cultural norms and ways of working.
- Defy Pace Expectations: Provide opportunities for collaborative, fast-paced cost and growth target pursuit.
- Involve as Many People as Possible: Look beyond the usual suspects to provide as many people as possible opportunities to contribute to integration success.

M&A SUCCESS PITFALLS

- Not articulating a compelling case for the merger that extends beyond cost-cutting synergies
- Integrating activities and teams without a clear purpose or business goal
- Cross-training is often focused on the training versus the results it's supposed to create
 Focusing too much on the processes and systems and
- not enough on people and culture

 Not having each employee top-to-bottom meet their new counterparts early and often and allowing them to
- Not recognizing the complexity of employees' emotions
- leading to lost time and productivity, and high turnover

Chapter 7

Click here for a summary of common M&A success factors and pitfalls.

CHAPTER 8: AGILE METHODOLOGIES THAT BUILD SUSTAINED AND SCALABLE AGILITY

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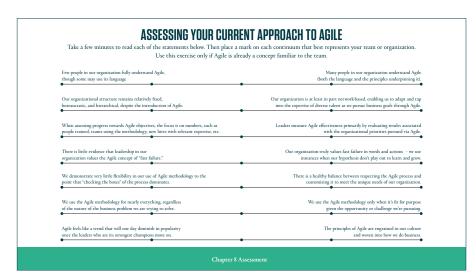
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Agile methodologies have become increasingly popular even outside their original realm of software development and it is easy to see why - in a more rapidly changing world, you need more agility. Implementing Agile is not the same as becoming agile. The fundamental problem is that many of the Agile principles are not consistent with the design of modern organizations, making sustainable and scaled Agile impossible within this organizational form.

Organizations that have been successful at becoming truly agile do not operate solely with the traditional hierarchy-driven management systems. They operate within a dual operating system – one that augments the formal hierarchy with a loosely knit network. This leadership network tends to activate Thrive and drives innovation, speed, adaptability and change. The hierarchy connects more with the Survive Channel and drives efficiency, problem solving, reliability, and stability. With a dual system in the culture, you end up with an organization that allows both Survive and Thrive to do what they were designed to do, without overheating or going asleep. This creates a context within which Agile principles can actually drive the outcomes they were designed to achieve.



Click to download a short assessment to help you understand your current state.

DISCUSSION QUESTIONS

- When has your team or organization demonstrated agility in responding to change? When has it been slower to adapt? What explains potential differences?
- How would greater agility help your team or organization be more successful?
- In what areas do you need to ensure your team or organization maintains reliability and efficiency?
- To what extent do you believe agile methodologies will have a lasting impact on how organizations pursue priorities? Why or why not?
- What risks come along with focusing on agility and how might your team or organization overcome them?

CHAPTER 9: BROAD SOCIAL INITIATIVES THAT CAN HELP BILLIONS

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Many of the lessons from organizational change can be applied to an even broader need for change – our ability, as humans, to collectively face perils and take advantage of opportunities. Fighting diseases, eliminating poverty, climate change, political movements — these all require challenging the status quo and mobilizing significant support from a diverse groundswell of individuals and organizations.

We tend to view these efforts as social causes that have little in common with corporate strategy exercises, restructurings, and mergers. While there are some differences in the details, these causes face some of the same challenges as corporate change and can benefit from some of the same solutions (and vice versa). Ultimately, it is all about our ability to lead change in a complex and increasingly changing world, to survive and thrive despite the multitude of barriers. At some level, the dynamics of producing meaningful change — the problems and solutions — are always the same because human nature is human nature, modern organizations are modern organizations, and the world really is becoming more and more interconnected with an unprecedented rate of change.

DISCUSSION QUESTIONS

- The authors suggest some similarities between social change and organizational change, do you see others? Do you see differences?
- What elements of successful social movements would be most impactful to bring into your team or organization?
- If you are part of or leading a social movement, what elements of successful organizational change would you most benefit from dialing up?
- For recent social change efforts that you might have followed or been involved with: what has gone well? What has been challenging? Would any of the strategies from the previous chapters have helped improve outcomes?



Click to view a short video about social change efforts.

CHAPTER 10: MORE LEADERSHIP FROM MORE PEOPLE

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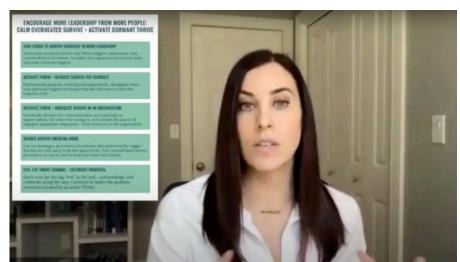
Reflecting on the stories of disappointment and success that organizations are having in accelerating needed change using various methodologies, including the most common ones described in this book, no single lesson comes across as clearly as one related to leadership — specifically, the need for more from more people. Leadership has begun undergoing a revolution in what it means to lead but even more so in who and how many people need to provide it.

Leadership as a behavior, not a position, and practiced across all levels of the organization, has the capacity to provide the speed of information gathering, decision-making and action required to meet the change challenge of today. At its core, leadership is about activating the Thrive Channel in yourself and others.

The gap between the speed and agility required from organizations, and what most are currently capable of, has grown to a point where some fundamental changes will have to occur. We will probably see the modern organization evolve more than it has since it was created, leading to more innovation and engagement. We will see more people not in "leadership positions" providing leadership in new ways. We will undoubtedly see more individuals, groups and organizations that are able to appropriately activate Survive and Thrive produce astonishing results.

DISCUSSION QUESTIONS

- On a scale of 1-10, how well does the environment in your team foster leadership from many?
- What can you do within your team to encourage more people to lead?
- What are some ways to reduce the Survive activating noise in your team or organization?
- Reflecting on the last week, how often has your Survive Channel felt overactivated? What triggers were present? How often has your Thrive Chanel been activated? What triggers were present?



Click here for a short video on how to begin building more leadership from people.

CHAPTER 11: THE NEW NORMAL

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Beyond single organizations, our collective capacity and ability as a global village to deal with rapid, complex change will certainly be tested in the coming decades. Whether combating a changing climate, resolving the disruption of labor markets from changing technology and artificial intelligence, navigating financial crises or rethinking how we work and live in the face of global pandemics and other public health threats, how we come to grips with even more change will have consequences that are very hard to conceive.

While the exact changes in the future are hard to predict, what is increasingly clear is that the "new normal" will be the same as the "old normal" in one very important way - a continued need for greater adaptability and agility. The trend of increasing uncertainty and more rapid pace is unlikely to change anytime soon.

DISCUSSION QUESTIONS

- In your opinion, what are the key skills/ideas that will be critical for businesses to continue to be successful in today's world?
- The Covid-19 pandemic put a spotlight on the "new normal" and forced individuals, teams, and organizations to adapt rapidly. In your view, what did your team or organization do well? Where did your team or organization miss the mark? How can you use these lessons to better navigate uncertainty, complexity and the speed of change moving forward?
- The authors suggest that the new normal is not that different from the old normal in terms of what is needed. To what extent do you agree with this? What do you think might be different in the "new normal?"



Click to watch a short video on the "new normal."