# **Five (5) Change Management Lessons**

### **1. Borders Group Inc.**

Once the second-largest book store chain in the United States, Borders Group Inc. (Borders) made a strategic error that played a role in the company’s eventual bankruptcy.

**Change management strategy:** Partnering with Amazon to compete with online retailers.

In 2001, Borders outsourced all online book, music, DVD, and video sales to its competitor, Amazon. While the partnership was meant to bring in additional sales, purchases in the physical stores suffered. Customers used Borders stores to window shop, then made their [purchases through Amazon](https://www.npr.org/2011/07/19/138514209/why-borders-failed-while-barnes-and-noble-survived). By 2006, Borders no longer turned a profit. Five years later, Borders declared bankruptcy and liquidated their assets.

**Lesson Learned**

When it comes to a crucial aspect of your business model, “keep your friends close and your enemies closer” is not a strong strategy. Borders made the mistake of taking a shortcut, and it contributed to the company’s eventual bankruptcy.

Major changes like Borders’ partnership with Amazon require detailed planning and risk assessment. It’s crucial to form a [strategic initiative for change.](https://whatfix.com/blog/kotters-8-step-change-model/)If Borders had considered the long-term effects of this strategy, they may have predicted this outcome.

### **2. ConvertKit**

Although this email marketing software company spent [two years](https://growthlab.com/convertkit-founder-nathan-barry-on-undoing-a-rebrand/)planning its rebrand, a flaw in its research cost ConvertKit over $500,000.

Change management strategy: Announcing a rebrand to the name “Seva.”

ConvertKit chose Seva as its new name, based on the Sanskrit word for “selfless service.” While the company believed it represented how much it cares about customers, business leaders failed to dig into the nuances of the word’s association with the Sikh religion.

ConvertKit later learned that Seva is a holy concept — a [way to worship through giving](https://www.sikhiwiki.org/index.php/Seva) without the expectation of anything in return. To use Seva as the name of a for-profit business would be hurtful and contrary to the true meaning of the word. In the end, ConvertKit canceled the name change.

**Lesson Learned**

Always consider the [people side of change](https://whatfix.com/blog/types-of-organizational-change/). ConvertKit made the mistake of focusing solely on the business side of a rebrand. By ignoring the cultural impact of using a religious word as a business name, the company failed its customers and spent half a million dollars on a rebrand it ended up reversing.

Always consider who will be most affected by a change. Often, those people are within your company, but not always. Look at the change from multiple angles before committing.

### **3. Kodak**

Film and camera company Kodak dominated the industry for decades but slipped out of relevance by failing to transform its business.

**Change management strategy:**Ignoring the need for change.

[Kodak made billions](https://medium.com/@brand_minds/why-did-kodak-fail-and-what-can-you-learn-from-its-failure-70b92793493c)selling analog cameras and film cartridges but did not take the rise of digital photography seriously. Although the company created a digital camera in the 1990s, Kodak still focused on printing photos as the company’s main revenue driver.

As smartphones transformed how people share photos — through social media versus physical prints — Kodak stubbornly stuck to the outdated strategy of pushing for print. As a result, a company that reached $10 billion in sales in 1981 filed for bankruptcy in 2012.

**Lesson Learned**

When you recognize a disruption of your business, choose to change, or risk the consequences. Remedial changes — addressing an unexpected issue — are reactionary.

Choosing *not* to react is a losing strategy. Kodak refused to adapt to the [digital transformation](https://whatfix.com/blog/digital-transformation-examples/) happening in the photography business. When you recognize a shift in your industry, use a [change proposal template](https://whatfix.com/blog/change-management-plan-template/) to analyze your options and intended outcome and determine how external factors might affect your transformation.

# **4. Tarsus Distribution**

South African IT distributor Tarsus Distribution, attempted to minimize manual data entry with robotic process automation (RPA). Unfortunately, their communication strategy led to internal resistance.

**Change management strategy:**Implementing software robots to take over manual data entry tasks.

Tarsus Distribution leveraged RPA to deploy [software robots to handle manual data entry work](https://www.uipath.com/solutions/customer-success-stories/tarsus-distribution). Although the goal was to lessen employee workload and not replace staff members, the communication strategy came across as robots taking over.

When Tarsus Distribution implemented software robots before gaining internal support, employees expressed fear about and resistance to the move. Without employee buy-in, the RPA solution could not reach its full potential.

**Lesson Learned**

The way you communicate your change is as important as the change itself. As the change initiator, you know why it has to happen; it’s your responsibility to convey the reasoning to the people affected.

Before announcing a change, make sure you’re following [change management communication best practices](https://whatfix.com/blog/best-practices-change-management-communication/). In this case, Tarsus Distribution failed to address the “What’s in it for me?” and “What does it mean to me?” questions, which led to unnecessary confusion. Focus on explaining the *why* behind your change. Gain internal support from key leaders, such as supervisors and department heads. And give your employees the details they need to support the change.

### **5. Wistia**

Video marketing software company Wistia [concentrated on aggressive business growth](https://wistia.com/learn/culture/taking-on-debt-to-grow-our-own-way). But its tunnel vision led leaders away from company values, which ultimately caused employee burnout.

**Change management strategy:**Moving company focus from internal efficiency to business growth.

Once Wistia became profitable, it directed efforts toward creative projects with long-term goals. However, when those projects began to pay off, company leaders switched the strategy. Instead of investing in what it had already built, the company hired aggressively, spent more on advertising, and ate into profits.

Previously happy employees questioned the shift. The once fun and imaginative work environment became stressful, and employees began to leave. Wistia’s strategy forced the company to take on $17.3 million in debt to save the business.

**Lesson Learned**

When making complex company-wide changes, take the time to consider the far-reaching effects. In this example, Wistia would have benefited from the [McKinsey 7-S model](https://whatfix.com/blog/mckinsey-7s-model/) for change management.