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# Successful change leaders: What makes them? What do they do that is different?

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## David Miller

is the founder and managing director of change consulting firm changefirst, and has spent the last 20 years helping organisations implement major change. He has extensive expertise in directly managing major changes, including strategy implementation, technology implementation, re-engineering, restructuring and quality management. changefirst's clients are global companies who have to implement major and often complex, strategic initiatives across multiple geographies. David is an adviser to senior executives on change-related issues in the technology, telecommunications, financial services and FMCG sectors. He has lived and worked in Europe and the United States and consulted on major changes in these continents as well as in South Africa and Asia.

**KEYWORDS:** commitment and resolve, discipline and implementation framework, personal change adaptability, leadership change beliefs, stage 4 behaviours

**ABSTRACT** Strong leadership is central to successful major change, but some leaders shy away from engaging in it. Mistakenly, they declare victory too early. Only three out of four change initiatives give the return on investment that leadership forecast. Failure is usually in the execution of the initiative. What differentiates the good leader from the bad? The latter tries to allay fears that change may be messy — and by doing so will pay later for his mistake. The good leader builds high levels of commitment and resolve, which is important, but ultimate success depends on discipline and the right implementation framework. The good leader is adaptable and can therefore navigate change successfully. Leadership change beliefs are important. What are these beliefs, and why does the good leader gravitate to one particular set of beliefs? Cost of failure is an issue that is addressed by the good leader. The paper identifies the characteristics associated with change that have a high cost of failure and looks at what good leaders do to reduce risks — including a belief that their own behaviour is critical for project success, and that implementation needs to be systematic and relentless.

## INTRODUCTION

It is a very obvious statement to say that strong leadership is at the centre of successful major change in organisations. Even after many years of consulting with leaders during times of great change, however, one can often still be baffled by some leaders' reluctance truly to engage in the process. Believing

somehow that by developing a strategy or purchasing a corporate system — and then 'telling people' they have somehow done their part in implementation and success can be declared.

This desire to declare victory early often seems overwhelming and, perhaps, hardly surprising, given the quarterly pressures of the stock market.

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This urgency, however, often creates a 'pay now/pay later' dynamic where executives declare change achieved but they have to go back and re-work the change, albeit under a new, dynamic brand name. If leaders do not deal with the issues of resistance, culture, capability and commitment first time round, they usually get an opportunity at the second attempt. This is a strange but not unusual dynamic, and its irony should not be lost on us in an era where shareholders value execution.

This leadership dynamic is seen at its most unproductive when one realises that most independent research shows change failure rates running at about 70 per cent. In other words, only about three out of every ten initiatives give the return on investment that leadership forecast.

- '7 out of 10 change efforts that are critical to organisational success, fail to achieve their intended results.'  
(Business Intelligence study, 1998)
- Independent IT research firm Gartner Group report, that for major corporate systems investments:
  - 28 per cent are abandoned before completion
  - 46 per cent are behind schedule or over budget
  - 80 per cent are not used in the way they were intended to be or not used at all six months after installation (Gartner Group, 2000).

For sure, some of these failures are caused by poor strategy decisions, inappropriate technology choices etc. But the majority of cases appear to be caused by failures in execution. It is the view of this paper that the key driver of successful execution is the ability of the leadership to implement the change and sustain it long enough to realise the return on investment forecast.

Of course an important assumption underlying this driver is that major change requires employees to be ready, able and willing to adapt to the new requirement — and therefore leadership (as opposed to management) is critical.

Change consultants acknowledge that this doom and gloom scenario — while revealing — in the end becomes counter-productive. Clients want to be shown how to do things, not constantly to have pointed out how bad they are at them. There are steps which can be taken which will improve the chances of success, and this paper will highlight them. Good leadership is key, but while one may think one knows what makes good change leadership, what are the factors which differentiate between the good and the less good?

Clearly, there are some outstanding examples of change leadership. This paper will integrate long-standing change findings with changefirst's long, practical experience in working with leaders in organisations undergoing major change. It will try to identify what successful change leaders actually do and what tends to characterise them as a group.

The findings referred to really go back to the work of Kurt Lewin at the US National Training Laboratory just after the Second World War, but in effect really took root through the work of people such as Richard Beckhard and Noel Tichy through the late 1960s to mid-1980s. The 1990s then saw a plethora of books published by people such as Kotter, Nadler, Katzenbach etc. all outlining specific (and basically similar) approaches to organisational change. All of these authors focus on change as being a planned activity. Planned is where executive leadership make a strategic business decision, and then the issue is how that decision is implemented throughout the organisation.

**CAVEAT**

Charles Fishman put it extremely well in an April 1997 *Fast Company* article:

‘If you read the academic literature, too often change comes across as a remarkably bloodless activity: establish a vision, ... design the program, paint by the numbers.

We interrupt this program to deliver a dose of reality: it doesn't work that way. In the real world of change, leaders desert you, your staunchest allies cut and run, opposition comes from places you least expect, and your fiercest opponent can turn out to be your most vital supporter. In other words, when emotions are running high and the stakes are even higher, people act like people.’

Fishman has absolutely ‘hit the nail on the head’. Most of the guidance to leaders implies or states that change is all rather analytical and logical. At best, it asks leaders to ‘build commitment’ and at its worst is a project planning view of the world. It plays to the very strong comfort needs of executives to stay in the world of logic and numbers. This skewed outlook is sometimes compounded by major consulting and systems integration firms who want to ‘install’ their strategies or technologies and move onto the next project.

These firms try to allay the fears of executives that an implementation may be tough or messy. After all, telling clients that implementation is going to be difficult is often not conducive to selling the work. Consultants and clients then enter a strange symbiotic relationship, where the client wants to believe the consultant has the ‘magic’, and the consultants are loath to disabuse them of this notion.

But to be balanced, one must look at the other end of the spectrum. Many books and articles talk a great deal about charisma, courage and determination as traits of leaders during change. These

personality traits are definitely aimed at the emotional space and are sometimes true. But the books do not actually give much guidance to leaders on what to do and often have the disadvantage of making organisational change sound like a war rather than an endeavour to improve stakeholder returns.

In truth, the answer as always lies somewhere in the middle. Leaders need to address both aspects. They need to build and maintain high levels of commitment and resolve, but this can only lead to success if supported by the discipline and structure to see it through to benefit realisation.

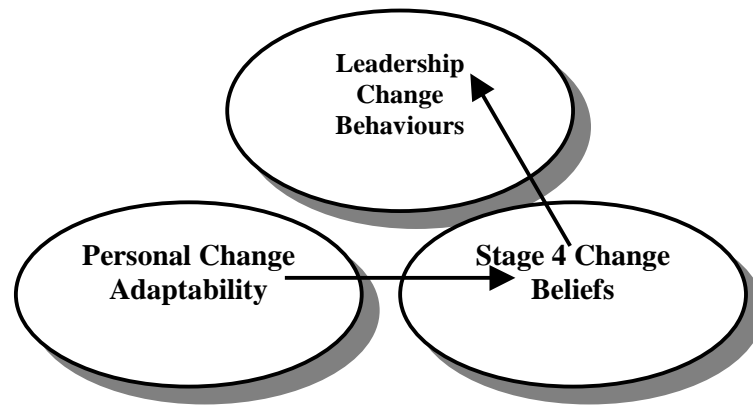
Rob Lourey, Group HR Director of BOC Group, is in broad agreement with the approach advocated in this article. He comments:

‘There is no doubt that a combination of strong change leadership and the right implementation framework, is essential for change success. In our case we have recently substantially improved the rate of return from change projects. My experience suggests this would not have happened had we diverged from the approach recommended by changefirst.’

**FRAMEWORK**

Successful behaviours in executives depend on two building blocks. One is their own personal level of change adaptability — their in-built coping mechanisms during change. The second is the set of beliefs they hold about what makes change successful (see Figure 1). These beliefs usually build up over a period of time and through ‘bitter’ experience. By analysing leaders with these two building blocks in place, a number of critical behaviours and/or characteristics that they employ for success have been identified. This paper describes these ‘blocks’ and the resulting behaviours. Hopefully, before it falls into

Figure 1 Change leadership framework



the very trap it accuses others of, it will at least point pointers to how leaders can action the information.

### PERSONAL CHANGE ADAPTABILITY

A key determinant of implementation success is personal change adaptability. Adaptability is the ability of individuals to navigate change successfully. People vary in their ability to do this; some can cope with the stresses associated with change better than others and can thrive even during periods of extreme turbulence. This adaptability appears to be both genetic and learned. In particular, the learning appears to come from situations that the individual found challenging or threatening — but ultimately found ways of coping and learning from the experience.

Leaders need higher adaptability levels than others in the organisation. Attempting to lead change while undergoing personal change puts enormous demands on any leader's adaptability levels. In addition, they are often leading a change agenda consisting of multiple demanding changes. The stresses they face are compounded by the perceived need for leaders to model

'grace under pressure' during times of turbulence. Leaders in many cultures are often judged/valued by their ability to appear unemotional and somehow detached from events around them.

Leaders with low adaptability are more likely to block change strategies or tactics because they themselves are unwilling to undertake the personal transition associated with major change.

Some years ago, changefirst worked with the executive team of a UK multinational. They had a long history of incremental change but now needed to be more radical in response to changes in competitor behaviour. With a leading strategy house they built a new strategy and changefirst was asked to advise/assist on implementation with a long-tenured executive team. What was most striking was their inability/unwillingness to do anything that involved any personal change. They saw change as something employees needed to do but not them. In other words, the group's level of personal change adaptability was very low. The net effect of this was that senior and middle managers soon came to believe that the executive team was not serious and began covertly to resist. The end result was that most of the

**Table 1 Top-line indicators of adaptability**

<i>Characteristic</i>	<i>Definition</i>
Optimistic	Upbeat about the future. Learns from situations. Has an optimistic view of the world. Does not allow problems to dampen enthusiasm.
Self-assured	High self-esteem. Confident about own abilities. Feels in control of events. Is self assured and confident.
Innovative	Looks at problems in a fresh, unconstrained way. Avoids preoccupations. Challenges the status quo. Enjoys uncertainty and ambiguity.
Collaborative	Draws on others for practical or other support. Sees others as a resource to be called upon in times of difficulty. Open with other team members.
Purposeful	Has a clear understanding of priorities. Has a sense of direction and purpose, is disciplined about goal achievement. Maintains focus.
Structured	Organised, methodical approach to work. Maps out what needs to be done in advance. Uses systems.
Proactive	Dislikes the predictable. Quick to take decisions. Seizes opportunities. Thinks and acts rapidly.

strategy failed and, eventually, the executive team was replaced, but not before shareholders paid a hefty price.

The basic characteristics of highly adaptable people are well defined (see Table 1). There is some evidence that these characteristics can be identified in people during recruitment and further developed through a series of change-related assignments. There is little evidence that training on its own increases adaptability.

### LEADERSHIP CHANGE BELIEFS

Over the last ten years, through its work, changefirst has identified four primary beliefs that will be acted on by managers and executives in addressing the people aspects of implementation. Beliefs are always difficult to talk about because they sit inside the person, and it always feels to us very presumptuous to talk about others' beliefs. So, when first starting to collect the findings, the company's preference was to talk about behaviour, but then it began to be

realised that it was much deeper than that. Somehow, what was observed was buried inside a leader's belief set and in practice deeply held.

As hundreds of leaders were observed during change, it was noticed that a myriad beliefs were being manifested. Despite the number, it was possible to categorise nearly all of them into four 'buckets' (see Table 2). Clearly, from changefirst's bias, stage 4 is a preferred set of beliefs. It describes a set of beliefs that has been internalised by people. It is internalised beliefs that drive the way that technology, process or people changes happen. The question is often asked: How do leaders gravitate to this stage? It is possible currently to identify several answers to that:

— It has been found that leaders tend to gravitate to this style because of the number/degree of challenging experiences they personally have had in leading change; ie the more 'scarred' they are by their own experiences of leading major change,

Table 2 Leadership change beliefs

Stage	Description
Stage 1	<p>Leaders at this stage believe that people will change once they understand the logic of the case for change. They have a belief that people can be told to change and they tend to rely on written ‘business cases’ to communicate change. Because staff will be ‘logical’, little change planning is needed other than very clear communication; clarity is everything.</p> <p><i>Underlying assumption:</i> People are rational and will follow their self-interest once it is revealed to them. Failing this, organisational power/sanctions will ensure they comply.</p>
Stage 2	<p>Leaders at this stage believe that people are changed through the use of powerful communication and symbolism. Additionally they quite often believe that the change itself will force people to change. Change planning will focus on techniques such as ‘large group meetings’ and the use of change symbols, eg T-shirts and videos.</p> <p><i>Underlying assumption:</i> People will adapt to change once the benefits are sold to them. Failing this, organisational power/sanctions will ensure people comply.</p>
Stage 3	<p>Leaders at this stage believe people may not be willing, able or ready to change. They will tend to enlist specialist/staff personnel to build a change plan. Leaders will implement the plan if it can be carried out within budget and time constraints. Leaders will tend to ‘stop short’ if the plan means that they have to change their own behaviour or skills.</p> <p><i>Underlying assumption:</i> Ideally people will become committed to the change. Failing this, organisational power/sanctions will ensure people comply.</p>
Stage 4	<p>Leaders at this stage are concerned about people’s ability to absorb the change as well as understanding that people may not be willing, able or ready to change. People change planning will be an integral part of any implementation planning. Leaders will want to be involved in agreeing the plan and be willing to devote time and energy to develop it.</p> <p><i>Underlying assumptions:</i> Commitment must be built for successful change and power/sanctions are not likely to be effective. Implementation viability must take into account the level of personal change adaptability that people in the organisation have at that moment in time.</p>

- the greater their commitment to a stage 4 change leadership. Failure is a great teacher!

  - Allied to learning from failure and having the right level of adaptability
    - good leaders tend to develop their careers by embracing tough change challenges and really stretching themselves. Adaptability does seem to be a precursor to moving to stage 4 beliefs about change leadership, but is not synonymous with it.
    - Lastly, there is an element of
- situational application here. Stage 4 change leaders seem able to judge when it is important to use all the change tools in their arsenal and when they are not all needed. Their flexibility during change means they can adopt various styles and behaviours. Interestingly though, it has been observed that leaders at lower stages can only move one stage at a time. This is probably somehow related to the degree of real learning that is involved.

There does seem to be some evidence pointing to the idea that leaders can learn from watching others. So some young leaders seem very capable of moving automatically to stage 2 and/or 3 by observing others. Work in progress would indicate, however, that stage 4 only comes from actual 'scar tissue'.

#### STAGE 4 BEHAVIOURS

Given these differences in beliefs and their own adaptability levels, what do these stage 4 leaders actually do, consciously or unconsciously, to implement major changes?

##### **They engender tremendous focus on particular changes**

There is nothing very new in saying that companies that manage change well are very focused. It was found, however, that their leaders tend to be focused in two ways:

- They lead fewer initiatives than their less successful counterparts and take steps to ensure that the organisation is focused on their agenda.
- They seem to focus as much if not more on cost of failure as opposed to benefits realisation.

Cost of Failure (CoF) is defined as the consequences that the organisation or individual will pay if the change is unsuccessful. Changes with a high CoF usually have some or all of the following characteristics:

- Failure to deliver the change has substantial impact on shareholders or customers.
- Organisation will be radically changed. Jobs, structures, accountabilities will be significantly shifted.

- Large numbers of people will be required to shift their behaviours or beliefs.
- Delivers a significant impact on personal careers and/or aspirations of the leaders.

The CoF concept has one other important implication for leaders. Most organisations report that they are overwhelmed with change initiatives — so much so that it is impairing their ability to implement almost any change. By using CoF as one measure — and potential probability of success as a second measure — organisations can compare changes and make hard decisions based on business priority and level of existing personal change adaptability.

##### **They delay implementation until the imperative for change is clearly understood and shared**

Good leaders delay implementation until a common picture is built among key decision makers about the purpose of the change, the CoF and the conceptual solution. In particular, they spend time understanding the impact of the change on the organisation's business model.

In poor-performing companies, executives delegate this task to staff specialists, who are tasked with designing the change and then making the communication of that design simple enough that executives can easily understand it (often on ten or fewer PowerPoint slides!). The net result of all of this is that executives spend little time understanding the change and effectively abdicate the design of the business model to a group of inadvertently empowered staffers. Executives in this scenario often 'wake-up' to find their company undergoing a near-death experience. The problem is they do not understand what



has been done and struggle to heal the patient.

Good leaders use a common picture to initiate the whole process of commitment building among the organisation. They create dialogue and debate to foster clarity and 'buy-in'. They stay closely in touch during the issue definition, design and implementation steps of the change.

### **They personally lead the implementation**

The most successful change leaders the author has ever seen in action are the ones who take the change on as a personal crusade or mission. They 'relentlessly pursue' the objective — pick the few critical things and act like a terrier with them — all the time, everywhere. They do not let go, and refuse to be side-tracked. Be warned though! It appears that many executives have learned that they can avoid changing if they can distract their boss with another good idea, or a business crisis, etc. They become expert at it. Great change leaders, however, just do not get distracted.

A couple of years ago, changefirst was asked to help rescue an ERP application that was installed but had had the effect of greatly upsetting customers (they were leaving in great numbers) and increasing front-line staff attrition. An independent audit showed that the systems implementation was excellent. Further diagnosis revealed that the responsibility for the implementation had been handed over to the IT department, and the leadership team had washed their hands of it. 'It's a system therefore IT can handle it!' The CIO had spent enormous energy trying to convince sales, distribution and operations of the need for people to change behaviour

and attitudes. But to no avail. The MD and leadership team then really had to start the change process again, getting far more involved in leading the change. Eventually, this plus a number of other change strategies stabilised the situation but at the cost of six months of chaos.

A leading-edge indicator of change failure comes when leaders offload the responsibility for implementation to staff or project teams. But 'leading the change implementation' does not mean that successful leaders have to stop their 'day jobs' — but rather becomes a key priority for them to monitor change progress closely, with them taking responsibility for commitment building in the organisation. They take steps to monitor and if necessary take action on a number of change factors (Table 3).

### **They act as if their own personal behaviour is critical for change success**

Most significant changes require a different way of working for people. Poor-performing implementers believe that changes are in themselves a 'magic bullet' that will 'force' people to change, or they believe that people are so adaptable that they can make the transition without assistance. In contrast, good leaders acknowledge that information dissemination, training, rewards and leadership behaviour usually need to be consciously adapted to ensure success.

Good leaders also realise that executive behaviour needs to model what the future state vision is trying to achieve. The old adage — 'walk the talk' — is forever true. The 'trick' is to adapt the culture of the organisation to the new way of working by modelling what is required in the way the change is

Table 3 Change factors to be monitored

Change performance indicators	
1	Are people sufficiently dissatisfied with the way things are done now?
2	Do people understand and buy in to the change vision?
3	Will the leaders do everything it takes to ensure the change is implemented?
4	Are change agents effective in designing and implementing change plans?
5	Are plans in place to identify and overcome the inevitable resistance from people who are being asked to change their behaviours or beliefs?
6	Is it clearly understood what aspects of the change are counter-cultural (to the 'way we do things around here') and are plans in place to modify the culture or the change?
7	Are the people who have to change taking personal responsibility for this change?
8	Is a process in place to build clarity of understanding and the necessary level of commitment?
9	Is there an integrated change plan in place that encompasses people, processes and technology?

implemented. Leaders have the key, pivotal role in this. Leaders who do this well seem to understand both the use of:

- *Symbolism*: That in organisations people will often be guided by public acts which are by their very nature symbolic.
- *Need for consistency*: That people look at what you do more than what you say.

Successful leaders think of every action they take in the context of how it will be perceived by employees in the light of the change agenda.

**They understand that change is a contact sport**

People change by making contact with other people, discussing ideas, realising that leaders are totally committed. This cannot be achieved by e-mail or web-based methods alone. It requires committed sponsors and change agents to be in the field, getting people to participate, persuading them of the change criticality, rewarding success and

if necessary — given the importance of the change — eventually replacing those who are unwilling and/or unable to make the change.

Leaders who build strong commitment demonstrate — consciously or unconsciously — a particular cluster of behaviours. Example: they ensure harmony between public and private communications regarding the change, work with other leaders and managers to build a network of leadership for the change; and are prepared to use rewards and sanctions to reinforce the change.

As a positive example, changefirst worked recently with a large global technology company helping them implement a complex change. The executives spent large amounts of their time in meetings, one-to-one discussions, net meetings etc. listening to and addressing the concerns of people in the organisation about the change. In particular, they devoted large amounts of time and energy to their own management teams in building commitment and managing performance. The change was implemented in almost

record time and gave credence to the old change adage 'Slow down to speed up'.

### **They know implementation needs to be systematic and relentless**

It is very important that organisations build and roll-out a series of interventions designed to create understanding, build skills, gain commitment and eventually get people to take personal responsibility for the change. Ineffective implementers tend to think that 'we've told people — they will get it'. A stage 4 change process (integrating people, process and technology changes) must be created and followed through on. Leaders are often good at one activity, eg creating a vision, but rarer is the leader who can integrate and relentlessly pursue all the essential components of change (see Table 3).

A global industrial company re-engineered its sales processes in two divisions. The two divisions had only recently de-merged and shared a similar culture and global reach. The new sales processes were identically designed and installed.

Initial change risk data collected by changefirst three months before 'go live' highlighted that division A had a low levels of change leadership while division B had a high change leadership levels.

Twelve months following 'go live', division A had fully realised its target benefits plus an additional 25 per cent. Division B meanwhile had achieved 50 per cent of its benefit target.

It wasn't until after division B underperformed that a newly appointed director decided to address the change

leadership issues identified in the risk survey.

### **SUMMARY**

Good leaders drive change through being personally very adaptable and by exhibiting the right change leadership behaviours. They may have learned from change failures — scar tissue is not scarce in this business — or they may have been driven by their own innate beliefs and characteristics, and ambition for the change to succeed. The findings in this paper show quite clearly what make a successful change leader, and the way that is deployed.

This paper demonstrates that it is important to learn from what successful change leaders do and how they do it, and to emulate their characteristics as much as possible. Change is forced on people through many external pressures, for example shareholders' demands for growth and internal pressures, such as the need to increase quality. These influences rarely go away and, when they do, they are replaced by others, but their affects can be mitigated by strong, skilled change leadership.

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