# Several Issues of Transformation Failure

## Abstract

Companies may go through changes to in line with the current market and environment. Transformation may be broken down into different phases for easily adopted. But successful transformation won't be guaranteed. To some extent, it means that the company will suffer from the risk of failure at each stage of change. It is the change management whereby company can make use of to pre-empt the failures. This article is mainly discussing about several factors of the failure that need to be considered during the change. It covers the data of 35 journals, reports and books all over the world in different kinds of industries and situations.

**Keyword:** change management, failure, transformation, evidences, issues

## Literature Reviews

I was firstly inspired by the "Kotter 1995 HBR" and found out the basic concepts to work on. In order to judge those eight concepts that Mr. Kotter had proposed, I searched lots of journals and chapters of book for supporting and criticizing those concepts. Among all these papers, they have illustrated numerous different kinds of failure when implementing changes. Some of them may fail at the beginning and some of them are just approximately close to the success. Generally, six out of eight different kinds of factor that have been highlighted and mentioned multiple times. The rest two concepts were a little bit missing supportive evidence according to my researching. In this section, those six concepts will be broken down for further summary, explanation and discussion.

### Fail to establish Business Vision

The concepts firstly mentioned by Kotter in 1995. It is describing that transformation without a clear vision will be easily losing its direction. Project without a certain purpose will be confusing by the employees. Thus, all these contributions will be work on a meaningless way. In book 'Break through IT change management', planning ahead for change and researching on industry is necessary as a part of implementing a successful transformation (Bennet, 2004). It also discusses the key value of the plan and strategy by many other authors. To establish the business vision properly, it is essential to understand the business scope and process of the company. Fully utilizing and optimizing the scoping problems would be a fast way to identify and locate our future business vision. It also concludes the concerns of manager level and employees (Paul, 2007). In many cases, this factor is regarding as the most vital issues. There are lots of enterprise are blindly follow the market trend and changing themselves where most of them are failed to succeed the change. Neglecting the importance of their own business goal and process is not able to survive the transformation.

### Lack Sense of Urgency

There are several journals have mentioned this concept. Even though there are companies that blindly follow the trend, there are still such companies that are satisfying with their current states and ignoring the market effect and environment. Forecasting and predicting the future market and technology may be a direct application and preparation for company to create the sense of urgency for the future change (Christoffersen, 2006). In merchant industry, several large enterprises were insisting their business model and unrealized that they were already gaining pressures from small efficient retailers (Patricia, 1988). In this case, companies may lose their most valuable assets if they are not taking actions. In journal “Stakeholder expectations for environmental performance within the apparel industry: the urgency of business response” mentioned that assessing the urgency and intensity of their demands for transformation to improve the environment performance should be taken seriously by the stakeholders (Dickson, 2012). Otherwise, it may cost uncountably tangible and intangible loss. Stakeholders have prominent roles in decisions making. It is also important for them to realize the urgency of taking change and then, leading the company for further practice (Myllykangas, Kujala, & Lehtimäki, 2010).

However, the opponents declare that establishing a true sense of urgency of change would easily lead to instilling panic among the employees. Panic is the dark side of urgency. It may disturb the daily routine of employees and thus, losing the discipline since employees are fear to be replaced during the change (Ryan, 2009).

### Lack of Communication

In a failed change, failure can be attributing to lack communicating (Kotter, 1995). It has been recorded that over 75 per cent of failed transformations are attributed to the problem of lacking communicating during the process. Roy Jakes, IS director of Guinness Global Support and team leader, has mentioned that the key during the changing period was the communication and it still is (Mark, 2000). Communication has 4 general roles in strategic organizational change. It can reduce the uncertainty of employees who are participating in the transformations; It can overcome the resistance inside the company and guiding them to embrace the change; It can facilitate employees participations by creating trusting and open atmosphere; It can build up shared understanding and mutual interpretation between the management and employees (Men, Bowen & Burton). Research has been shown that the ambiguities are given rise at the early stage of change (Stuart, 1996). Further away in time, proper communication strategy will decline the concerns levels from employees which may hinder them from involving change and help employees to regain the self-confidence for accomplish a successful transformation (Paul, 2008). As we mentioned above, resistance can be a obstacle of change. Communication can descend the resistance to change by means of maintaining identity symbols and promoting dialogic opportunities which are showing employees what is happening (Paula, 2014).

However, Communication can be also very time-consuming if there are lots of people involved. Communication conference may take a lot of time to ensure everyone is staying on track. What’s more, it can be expensive to negotiate for compliance with those resisted employees. Trying on manipulation coaptation may be a relatively quick way and inexpensive solution to deal the resistance problem rather than communication. But it will lead to future problems if people feel being manipulated (Kotter, 2008).

### Failed to Move onto New Vision

There are several reasons contribute to this issue. In terms of organizational structure, narrow job categories can be one of the reason why employees refuse to embrace new change. They were afraid of losing their current position when new changes happened. In terms of compensation or performance-appraisal systems, people were bothering whether to choose the new vision or their own self-interest (Kotter, 1995). These are attributed to the financial barriers which involve money and often are the most difficult barriers to overcome (Kelley, 2016). In terms of business model, it could be related to structural, systemic or strategic aspects of an organization (Harris, 2000). there are internal barriers and external barriers. Internal barriers consist of lack of resources and external barriers consist of lack of demands (Herbes, 2017). In this case, even though the company are urgent to change, they are not able to do so since their shortage of demand and resources have not allowed them to change. In terms of employee themselves, some of them may believe in creativity is the least thing they need. They are the one on control of their own change and they won't do so if they don't see any need for improvement (Gogatz, 2005). Sometime the obstacle can be a person. Some employees may devalue the investment in time and energy by learning new skills or adapting to new environment (Groner, 2002).

### Failed to Establish Short-Term Wins

It will easily lose momentum during transformation especially the long-term change. Thus, establishing short-term wins are able to encourage the employees and the process of change to some degree (Kotter, 1995). By improving short-term financial performance for motivating the employees is one of the recommended traditional approaches (Jones, 2017). In some case, short-term wins are promoting long-term success by showing that each phase was well performed and excellently finished (Keith, 2016). In IT solution, a string of short-term wins enables a quick start on competition (Politoski, 1998). This idea can be used on change management as well. Also, short-term goals with short-term budgeting improve the accuracy of financial control, which may also enable the success of change (Mintzberg, 1998).

On the other hand, even though establishing short-term wins may motivate the employees, too many short-term wins may backfire and ruin the change process to some degree. Daniel Robinson said that his best business advice is never choose short-term wins to detriment of long-term value since the big picture of your project should be kept a whole instead of broken into pieces (Robinson, 2015). Short-term business is a potential jeopardy since several downsizing parts of the business may lose its purpose (Kotter, 1995).

### Poor Leadership of Change Management

In some failed transformation cases, leader or manager announce the victory without the solid foundation of supporting the post-change situation would lead to the collapse of the whole infrastructure. Underestimating the importance of strategic integration may cause the top management to declare victory too soon (Burgelman & Mckinney, 2005). Goals were unclear, which lead to the underestimation. Self-arrogant may also cause this issue. Sometime people just think it is the time regardless of the rules and principles. Usually, this issue is highly related to the leader who manage the change. leader should concern about individuals including their ability to adapt to the change and the organizational effect on whether the change has merged into corporation culture (Kavanagh, 2006). A stable change should consist both. In Case Study of Pemancar, it explicates how a leader manage and dealing with the culture difference problem during the change (Abdullah, 2012). It shows the imperative of a leader. In digital business change, predominant leadership is an important indicator for the success of change management process (Kreutzer, 2018). Effective leadership should be successfully introduced and sustained while managing the change (Gill, 2003).

## Discussion

From my own perspectives, I partly agree with the above issues.

In terms of establishing a business vision, I total agree with its imperative. Scope and business process should be aligning with the business purpose and vision when we are about to change. In this case, a clear business vision play an important role as a guidance towards future market and future business success. So as a good leadership. During a transformation process, leader is the guidance for employees. Usually, employees are full of uncertainty to the unknow future after the change. Leader should be the one who eliminate their concerns and regain their self-confidence for adopting the change. During the change, scopes and purposes may also change due to several factors. They could be the organizational structure or culture. Aligning them with the goal of change is very significant because they are supporting the change afterwards. If the initial objectives of change are against the organizational structure or culture, it is important to compromise and move to new vision. To ease the employees’ concerns in the middle of change, communication and establishing short-terms wins are inevitable.

Communication is the most direct and easy way to locate the resistance of change. After locating the problems, it would be much easier to solve them. However, we should also consider about the frequency and cost of communication. After all, we are not able to satisfy every employee regarding to change since it will cost too much for compromise. Thus, proper communication must be needed and too many communications should be avoided.

In terms of establishing short-terms wins, purposes of each short-term should be as clear as the big picture. It is not simply breaking down the process. Each short term should have its goal and standard of accomplished. Otherwise, employees may lose the big picture of the change in their head if there are too many short-term process to be finished. Properly established short-term wins motivate the employees and show them the sense of achievement after accomplishing each process successfully.

Regarding to the lack of sense of urgency, I think it depends on different circumstances. Having this sense would help us to prepare for the future, but also push us towards uncertainty and panic. In some traditional industries, the best way to develop and move forward is keeping stable. Although being the first mover would easily take over the new market, it also come along with many risk such as the uncertainty and higher cost. Being the follower would lower the risk of change since there would be many successful cases for you to learn from.

To conclude, except for establishing sense of urgency of change, I basically agree with the other argument and they also have lots of evidence to support. In terms of urgency of change, it depends on many other factors including objective and subjective. There are people who are unwilling to change and fear of change. It would be better for them and the company they managed to keep stable.

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