LEADING CHANGE
An Action Plan
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MAIN IDEA

In recent years, a number of businesses and other organizations have attempted to transform themselves through a variety of initiatives – reengineering, acquisitions, downsizing, total quality management, and others. With relatively few exceptions, these programs generally fail to deliver the anticipated results. Why is that? Predominantly because of a lack of business leaders who can inspire and motivate the people within the organization to act differently.

Thus the single most important challenge in transforming any organization for the better is to find and develop strong leaders. Good business leaders make change happen. Leaders also lock-in the long-term benefits of those changes by encouraging people to continue learning new skills and develop new abilities. By so doing, business leaders continue to strengthen and build the competitive capacity of the business. This process also positions the firm strongly to be able to respond more effectively in the future to the ever changing demands of the global economy.

In the volatile economic environment of the twenty-first-century, business leadership will be the key differentiator between success and failure.

Section 1 – The Need For Business Leaders

In the real world, most attempts to change business organizations for the better fail because:
1. There is so much inertia to overcome it usually can’t be achieved in a single step.
2. High-quality leadership is required rather than management, even if the management is excellent.

Therefore, first and foremost, changing an organization requires leaders who understand and execute the business change process.

Section 2 – The Process For Creating Effective Business Changes

The steps involved in producing successful and lasting change of any magnitude within a business organization are:

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<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>1</td>
<td>Establish a sense of urgency.</td>
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<td>2</td>
<td>Create a guiding coalition.</td>
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<td>3</td>
<td>Develop both a vision and a strategy.</td>
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<td>4</td>
<td>Communicate the vision.</td>
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<td>5</td>
<td>Empower employees to act.</td>
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<td>6</td>
<td>Generate short-term wins.</td>
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<td>7</td>
<td>Consolidate gains to build momentum.</td>
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<td>8</td>
<td>Anchor changes in the culture.</td>
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Note that the sequence shown is also important. In effect:
• Steps 1 - 4 break down the status quo.
• Steps 5 - 7 introduce the new practices.
• Step 8 makes the changes stick.

Although it is possible to be working on several of the steps simultaneously, if any of the steps are skipped altogether, problems may arise during the later stages of the business change. It’s important to build a strong and durable base if the inbuilt inertia which naturally exists is to be overcome.

Section 3 – The Business Organization of the Future

The business organization that will prosper in the competitive environment of the twenty-first-century will be a learning organization which has effective business leaders not only at the top of the hierarchy but right throughout the entire organization.

In short, economic success is the twenty-first-century will be directly related to how successfully an organization can create leaders who drive the ongoing changes that will be required.
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