Success factors and Kotter's eight steps

MODULE 6 | 6.3.2 | STUDENT COMPANION

A structured approach to change works as a **checklist** (are all the key elements in place?) and a **diagnostic** (which element is missing, judging by the symptoms?). Every element matters, both to implement the strategy and to make the change last.

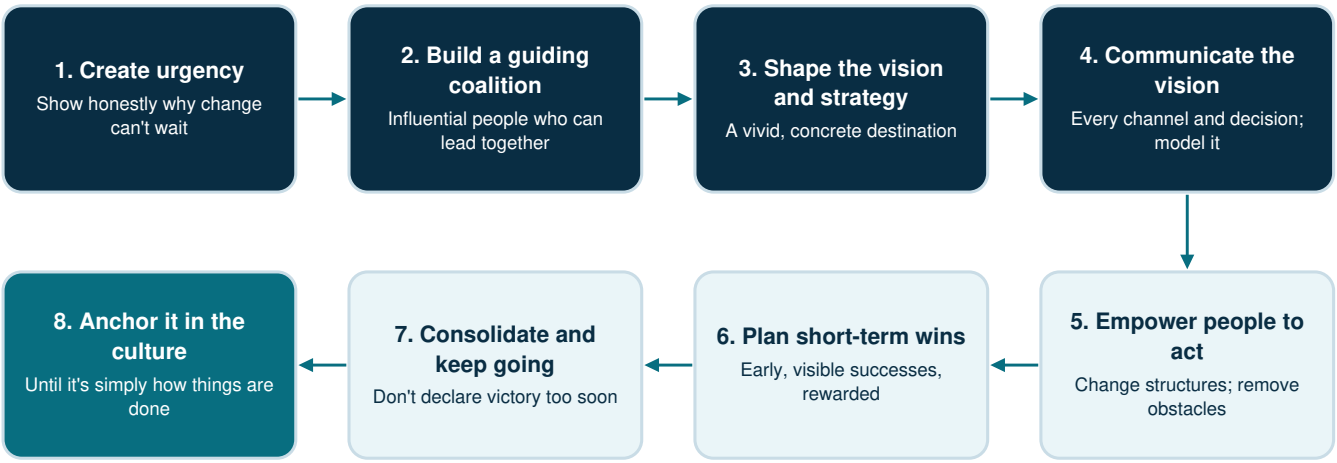
Seven elements of successful change

Element needed	If it's missing, you see...
A compelling case for change	Inertia: slow movement and little effort
A clear vision	Confusion: doubt about whether the change is worthwhile
A well-defined strategy	Scattered effort: busy work that won't reach the end state
Adequate resources	Frustration: budgets and tools that don't match the ambition
Organisational capability	Fatigue: not enough skill to lead the change
Sufficient motivation	A crawl: change takes far longer than planned
Robust communication	Doubt: people question whether it will work

Read the symptom, and it points to the missing element

Diagnosing Corella Partners (imagined): six months in, the advisory service is creeping along and targets keep slipping: a crawl, pointing to motivation, because partners are still paid mainly on billable hours. In Hobart, staff hear rumours the strategy has been dropped: doubt, pointing to weak communication. The fixes: change the partners' reward system, and set up regular two-way updates in every office.

Kotter's eight steps for leading change



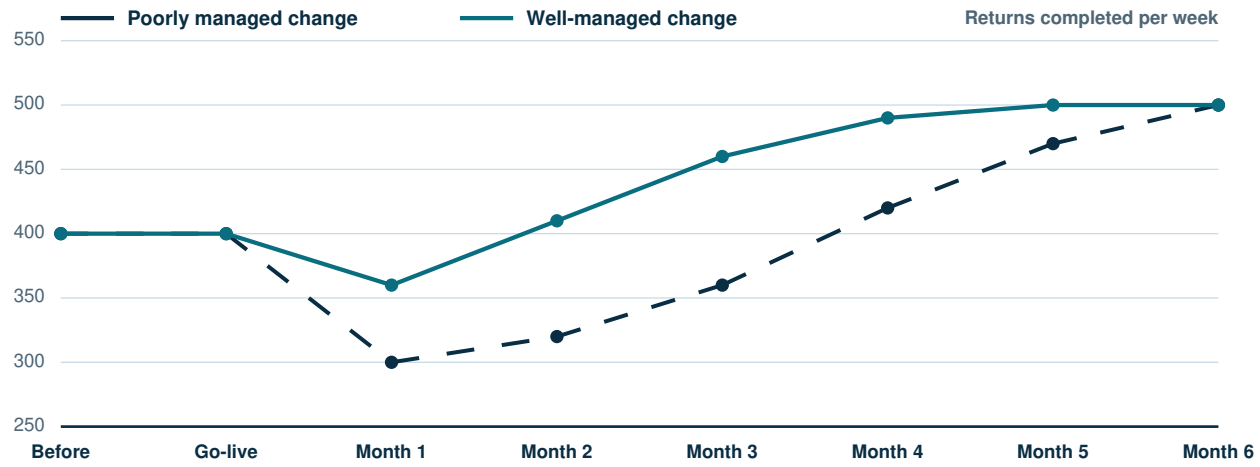
Skipping a step, especially the first or the last, is a common reason transformations fail

Kotter's steps at Corella Partners (imagined)

John Kotter (1995) argued that transformations pass through eight stages, and that doing any one badly can derail the effort. In practice the steps overlap, and leaders loop back.

Step	Corella
1. Urgency	Show partners how fast fees for routine compliance work are falling
2. Coalition	Managing partner, respected partners from three offices, two rising managers
3. Vision	Advice that helps clients' businesses grow
4. Communication	Monthly meetings in every office; a weekly video from the managing partner
5. Empowerment	Industry teams with their own budgets
6. Short-term wins	The first 50 advisory clients, signed within six months, celebrated
7. Consolidation	Extend the Brisbane pilot to every office
8. Anchoring	Promote people for client outcomes, not just hours

The productivity dip



Imagined: Corella's compliance team after a new automated system goes live

Managing change proactively keeps the dip shallow and short: training before go-live, extra support in the first weeks and a temporary cut in other demands. Afterwards, **benefits-realisation tracking** asks whether the business case is being delivered (for Corella: is advisory revenue rising and compliance cost falling?), and the results feed performance management.

Has the change stuck? Three checks

- **Processes:** are people using the new ones, or have they slipped back? (Corella: the client portal, or emailed spreadsheets?)
- **Hours:** are people working roughly normal hours, or heavy overtime to make it work? (Weekends in the compliance team?)
- **Behaviour:** does what you see match the culture and values you wanted? (Do partners discuss client outcomes in reviews?)

Case note: Continental Airlines

When Gordon Bethune took charge of Continental Airlines in 1994, the airline had been through two bankruptcies and ranked at or near the bottom of the major US airlines for on-time performance. With president Greg Brenneman, he set out a four-part Go Forward Plan covering markets, finances, product and people. In 1995 every employee received US$65 for each month the airline ranked in the top five (the top half) for on-time performance; from 1996 the bonus was US$100 for first place and US$65 for second or third. Continental earned a profit of US$224 million in 1995, after a US$613 million loss in 1994, and its punctuality moved from worst to among the best.

Sources: Continental Airlines Form 10-K reports, 1995 and 1996; Aviation Strategy, March 2000; G. Bethune, From Worst to First (1998).

Practice questions

MODULE 6 | 6.3.2 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Diagnose from the symptoms

Symptom at Ironwood Hospital (imagined)	Missing element
(a) Staff can't see why the new discharge process is needed	
(b) Teams are busy, but on projects that don't add up	
(c) Nurses say the promised training budget never arrived	
(d) The project is a year late and nobody is in a hurry	
(e) Rumours say the change will be cancelled	
(f) Managers can't describe what the new process will look like	
(g) Staff are exhausted, and nobody knows how to run the new system	

Question 2 - Plan Kotter's eight steps

Step	Coppertown Council (imagined): merging two works depots
1. Urgency	
2. Coalition	
3. Vision	
4. Communication	
5. Empowerment	
6. Short-term wins	
7. Consolidation	
8. Anchoring	

Question 3 - Has it stuck?

Brightwater Retail (imagined) introduced a new digital rostering system in its 25 stores three months ago. Design one check, with a measure, for each of the three tests of whether a change has stuck.

Worked answers

MODULE 6 | 6.3.2 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Ironwood Hospital

Symptom	Missing element
(a) Can't see why	A compelling case (inertia)
(b) Busy but disconnected	A well-defined strategy (scattered effort)
(c) No training budget	Adequate resources (frustration)
(d) Late, no hurry	Sufficient motivation (a crawl)
(e) Cancellation rumours	Robust communication (doubt)
(f) Can't describe the future	A clear vision (confusion)
(g) Exhausted and unskilled	Organisational capability (fatigue)

Question 2 - Coppertown Council (sample)

Step	Action
1. Urgency	Show the cost of running two half-empty depots and duplicated fleets
2. Coalition	Both depot managers, union delegates and respected crew leaders
3. Vision	One modern depot that gets crews to jobs faster
4. Communication	Fortnightly site briefings; a noticeboard and app updates
5. Empowerment	Crews design the new yard layout and rosters
6. Short-term wins	Shared equipment pool working within three months; celebrated
7. Consolidation	Merge scheduling systems, then the sites
8. Anchoring	Joint team identity, shared targets and recognition

Question 3 - Brightwater Retail (sample)

Test	Check and measure
Processes	Share of shifts rostered in the new system rather than on paper (target: over 95%)
Hours	Managers' weekly hours and overtime compared with before the change
Behaviour	Do staff swap shifts through the app as intended? Survey and app data