

Engaging in organizational change is a serious endeavor. There is often a significant investment of time, money, and energy. Change efforts also raise hopes and expectations, and failed attempts to make change can lead to disappointment, loss of confidence, and even cynicism about organizational integrity and competence.

Unfortunately, the sad truth is: **most change efforts fail!**

Organizational development is a huge and profitable business. One company alone, McKinsey & Company, has annual revenues of over \$6 billion dollars and 94 consulting offices across 52 countries. Yet McKinsey itself reports research that shows **70% of organizational change efforts fail!**<sup>1</sup>

This is a staggering statistic. Imagine choosing to undertake major surgery with a 70% rate of failure!

## What makes organizational change so difficult?

Organizations are complex systems. Most change efforts focus on only one element of the system. Perhaps we are seeking to reorganize reporting relationships, create more teamwork, build a new strategic plan, increase accountability, reorganize a department, install a new performance management system, or improve communication.

The problem is that the piece of the organizational system we are trying to change is completely interconnected and interdependent with other parts of the system. All too often, we see well-intended changes efforts that fail to achieve the desired results:

- An attempt to implement an improved performance appraisal system gains little traction due to staff's underlying lack of trust in management
- A strategic planning process yields poor results due to an unresolved lack of alignment around the vision for the organization
- A structural reorganization bogs down due to competition among senior managers
- Repeated attempts to reconcile what seems like interpersonal mistrust between several key staff fail due to an unaddressed lack of clarity in their roles and overlapping organizational mandates
- An effort to improve accountability breaks down due to a general lack of cultural competency, leading to miscommunication, confused expectations, unintentional slights, and hurt feelings among different social groups
- An initiative to build team spirit and cooperation is undermined by failing to change the nature of work plans which continue to focus on individual performance

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<sup>1</sup> [http://www.mckinsey.com/client-service/organization-leadership/The-Inconvenient\\_Truth\\_About\\_Change\\_Management.pdf](http://www.mckinsey.com/client-service/organization-leadership/The-Inconvenient_Truth_About_Change_Management.pdf)

Without a systemic approach, we often see what appears to be progress, perhaps even breakthroughs, only to watch the “changes” erode as things revert back to their original conditions:

A team goes to an off-site retreat to address issues of poor communication and low trust. They have what seems like a breakthrough together and make sincere commitments to change their ways. Three months later the good will has faded and old patterns of behavior have re-emerged because needed changes in organizational structure and processes weren't made.

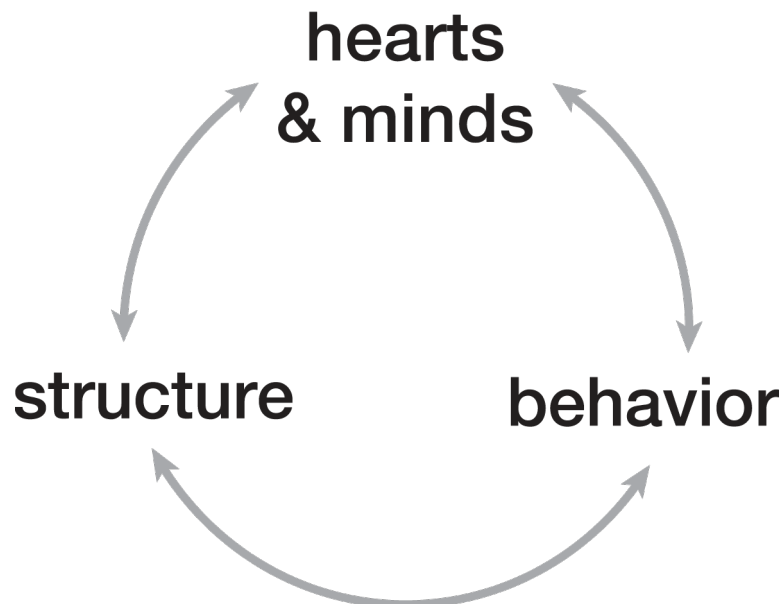
### **Why do most change efforts fail?**

It is the failure to address organizations as interconnected, interdependent systems. Relevant dimensions of the organization are being left unattended.

What is needed is a systemic approach to change: one that deals with the various structures and processes of organizations while equally attending to the human beings that give it life and energy.

## **THE WHEEL OF CHANGE**

The Wheel of Change is a model for transforming organizations.



The Wheel of Change asserts that to create real and sustainable change, we must work skillfully with three domains of organizational life:

### **Hearts & Minds**

The full range of what people think and feel: their motivations, beliefs, emotions, perceptions, etc.

### **Behavior**

What human beings actually do: their words and deeds, the actual choices they make to speak or not speak, to act or not to act, their habits

### **Structure**

The organization structures, systems, and processes through which work gets done

These three domains continually reinforce each other, which is why organizational systems tend to resist change. However, through a transformational approach we can:

- identify and address the critical elements in each of the three domains of organizational life
- create a virtuous cycle in which changes in one domain evoke and reinforce change in the other two domains.

### **Working with Hearts & Minds**

Transforming organizations requires people to transform. The change process must skillfully engage with people, their hopes and fears, their thoughts, perceptions, beliefs and assumptions about reality. In the domain of Hearts & Minds this might look like:

- People joining in common cause around a compelling vision for change
- Commitment (not compliance) in order to generate energy and personal responsibility for making change
- Developing shared understanding of what's required to make change happen
- The unleashing of creativity, new ideas, and innovation
- Examining and shifting underlying beliefs that may limit the change process
- Addressing issues of mistrust or interpersonal tensions that may be in the way of the change process
- Surfacing and addressing doubts and fears that inhibit people from making their full contribution
- A feeling of team, of belonging that inspires people to stand together and pull together

## Behavior

The second domain is Behavior. Changing the way people think and feel is critical, but not sufficient for transformation. Organizational change requires that the people who work there need to actually act differently. Transformation in Behavior might look like:

- New expectations are clearly articulated and formalized (sometimes called Team Agreements or Rules of the Road)
- People understand exactly what's required of them
- Implementing new behaviors becomes an organizational priority
- A significant increase in open and honest communication
- Creating a feedback-rich environment to support behavior change
- Standards of accountability are raised and enforced
- Formal and informal processes are adopted to practice and develop new habits
- There is support for developing needed new skills through formal training, professional or peer coaching, mentoring, or self-study with web-based support (both technical skills and self-management and interpersonal skills)
- The inevitable mistakes that attend developing new habits and skills are not only tolerated, they are welcomed

## Structure

The third domain is Structure. Organizational structures are the way organizational resources are harnessed to do the work. They are foundational to organizational life and have enormous impact on both Hearts & Minds and Behavior. For example:

- Low staff morale or pervasive feelings of not being appreciated may stem from poor personnel policies
- Lack of accountability may stem from a poorly designed performance management system

A transformative approach to working in the domain of Structure might include:

- An orientation to strategy that emphasizes
  - Strategic thinking over fixed strategic plans
  - Planning for the unplanned
  - Innovation and breakthrough thinking; a willingness to challenge basic assumptions
- Clarity and transparency regarding allocation of power and decision-making
- Organizational design that emphasizes greater distribution of power, more nimbleness, and greater adaptability, and that promotes multi-dimensional connectivity rather than top-down or static organizational structures

- Creating this flexibility while not only maintaining but increasing accountability (a worthy challenge!)
- Increasing understanding and cultivation of an organization's core competencies in order to help maximize institutional advantages and maintain strategic focus
- Bringing greater attention and discipline to work processes such as planning, decision making, how meetings are run, program evaluation, hiring, member engagement, and performance management.
- While making changes to structure, maintaining acute attention to the human dynamics at play to ensure full engagement and ownership of the intended changes by all stakeholders
- An orientation of continuous quality improvement to organizational functioning

The Wheel of Change can be applied equally well to organizational change of any scope and scale – from smaller, more discrete change projects to renewing, reigniting, or reinventing entire institutions. It is a model that can help to ensure that investing in organizational change will yield transformative and sustainable results.