

# The Story behind Successful Transformations

**March 16, 2010**



## The Statistics

- What is the percent of strategies that are successfully implemented?
  - **5% 20% 50% 80%**
- What is the failure rate for process redesign/TQM efforts?
  - **10% 30% 70% 90%**
- What is the utilization rate of new technology during the first 6 months?
  - **20% 40% 60% 80%**

# A Dismal Outlook for Implementation!

- What is the percent of strategies that are successfully implemented?
  - **20%**
- What is the failure rate for process redesign/TQM efforts?
  - **70%**
- What is the utilization rate of new technology during the first 6 months?
  - **20%**

***80/20 rules!!!!***

## What Promotes Implementation Success????

- Set clear, stretch targets ...  
*with specific, clearly defined initiatives*
- Engage the whole organization...  
*led by the CEO*
- Communicate the need for change...  
*positively*
- Build long-term capabilities & mindsets ...  
*for sustainable performance*

# Research and Facts

- Two-thirds of Total Quality Management (TQM) programs fail, and reengineering initiatives fail 70% of the time (Senge, 1999, pp. 5-6)
- Implementation of top-down organizational change programs has a poor record of success (Beer, 2003, p. 626)
- 64% failure rate among new technological innovations introduced into municipal public service programs (Yin, 1978, p. vi)
- A decision to adopt an innovation does not automatically lead to implementation (Rogers, 1995, p. 371).
- Change initiatives crucial to organizational success fail 70% of the time (Miller, 2002, p. 360)
- Major corporate investments in technology are not used as intended or abandoned within six months 80% of the time (Gartner Group in Miller, 2002, p. 360)
- Of 100 companies that attempted to make fundamental changes in the way they did business, only a few were very successful (Kotter, 1995, p. 59)
- Leaders of the corporate reengineering movement report that the success rate for Fortune 1000 companies is below 50%, possibly only 20% (Strebel, 2000, p. 86)
- Companies that successfully implement a strategic plan are a minority, with estimates ranging from 10% to 30% (Raps, 2004, p. 49)
- Implementation of innovations has historically had a high failure rate (Majchrzak in Linton, 2001, p. 65)
- Management history is littered with failed innovation programs (e.g., TQM, quality circles, Re-engineering, and job enrichment) that started with a bang but fizzled out. (Reprenning, 2002, p. 109)
- Virtually all new federally-funded educational programs failed to reach sustainability (Berman & McLaughlin in Yin, 1978, p. 44)
- Most organizational change programs fail or have limited success because they are guided by an erroneous theory about how to bring about change. Most begin with a bang, but go out with a whimper (Argyris, 1990, p. 4; Beer, Eisenstat, & Spector, 1990a, 1990b)
- Little is known about how to sustain a public health program (Pluye, Potvin, & Denis, 2004, p. 121)
- 75% of strategic IT management initiatives fail (failure is defined as not meeting initial expectations in terms of time or budget to deliver expected value). (Enterprise Management Associates – CIO Update.com; January 2009)
- More than just anecdotal evidence exists that change initiatives fail more often than they succeed. A Harvard Business Review article by Nohia and Berkley cites a survey showing that 75% of the managers polled were unhappy with change initiatives underway. Since the current business environment warrants these initiatives, why do they fail?

## More Research and Facts

- Even under the best of circumstances nearly 70 percent of all change initiatives fail. That's a shocking rate considering all of the effort that companies put into the process—and how much is riding on a successful outcome—especially these days.” (Blanchard Leader Chat Forum; Feb. 2009)
- Over the past decade, I have watched more than 100 companies try to remake themselves into significantly better competitors. They have included large organizations (Ford) and small ones (Landmark Communications), companies based in the United States (General Motors) and elsewhere (British Airways), corporations that were on their knees (Eastern Airlines), and companies that were earning good money (Bristol-Myers Squibb). These efforts have gone under many banners: total quality management, reengineering, rightsizing, restructuring, cultural change, and turnaround. But, in almost every case, the basic goal has been the same: to make fundamental changes in how business is conducted in order to help cope with a new, more challenging market environment. A few of these corporate change efforts have been very successful. A few have been utter failures. Most fall somewhere in between, with a distinct tilt toward the lower end of the scale. (John Kotter, Harvard Business Review – “Why Transformation Efforts Fail”, January 2007)