

An enduring sermon

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Changeability

Why Some Companies are Ready for Change – and Others Aren't

By Michael Jarrett

Pearson Education, £24.99

“Change is inevitable,” said Benjamin Disraeli in 1867. “In a progressive country, change is constant.” In his new book, Michael Jarrett puts it another way: “Change is inevitable, like death and taxes.”

And, just as we fear death and taxes, many of us fear change. It disrupts routines and plunges us into uncertainty. We hope that if we hold out for long enough, the need for it will go away and we can carry on as before. This has been all too apparent in the world of finance. The collapse of the subprime mortgage market threatened the profitability of financial services groups, but most responded too late.

But even when companies accept the need for change and set out to achieve it, they often fail. Jarrett, an expert in organisational behaviour at London Business School, believes that 70 per cent of all change management programmes fail.

Why? Jarrett argues that managers often mistake the nature of change. They see it as something logical that can be solved using step-by-step approaches. They are wrong. “There is no simple recipe for organisational change,” he asserts. “There is no silver-bullet strategy, no one simple way that will deliver change.”



But there are some underlying principles that most managers can adopt. First, they need to make certain that the internal organisation is in a position to make changes, and that people are fully supportive of them. Second, they need to make sure that they understand the environment around them.

In other words, rather than developing elaborate change management strategies, companies should first find out whether they are capable of change at all. Do their internal systems and culture support change? If not, these too must change.

“Readiness for change” is far more important than actual planning or implementation, says Jarrett. To all the various words that have already been coined in order to describe this state of readiness, such as “flexibility” and “adaptability”, Jarrett adds another: “changeability”. He defines this as “the sum of leadership, internal routines and organisational capabilities that make companies fit and ready for change”.

Unsurprisingly, leadership plays a big role in successful change programmes. Jarrett sees a role for both radical and incremental-style leaders and cautions against valuing one approach over another. He argues that those who successfully drive change are psychologically well-prepared for anything that gets thrown at them.

The same applies to businesses as a whole, which should be actively trying to spot and exploit the next wave of change. In 2005, for instance, McDonald's Europe faced declining sales and market share. Denis Hennequin, the new president, redesigned restaurants to make them more appealing, and began sourcing food locally. Market share and profits rose.

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Dell, too, aware that its competitors were beginning to catch up with its original low-price model, embarked on an extensive programme of market research. The information it gathered was analysed with a view to spotting emerging and future customer needs.

The most dangerous state for a business, says Jarrett, is the steady state. Companies that encourage complacency – he cites the pharmaceutical industry – run a greater risk of failure.

The bulk of the book is devoted to the principle of changeability: defining it and explaining how it works, how it can be measured and developed.

He supplies a number of tools and metrics to help companies gauge their level of changeability. These look useful, but his advice on how to improve changeability is unlikely to make much impact. If anything, this book reinforces the age-old lesson that companies that manage change well are those that want to do so. The people who need to learn the lessons of change are most resistant to it, so probably will not read this book at all.

And, as Jarrett himself says, none of this is particularly new. There is a long tradition in writing on strategy in which preparedness and flexibility are cited as the keys to successful change management.

But if recent events are anything to go by, the sermon still needs to be preached. Jarrett's book has a folksy style that will grate on the nerves of some readers. But the need to come to terms with change and turn it into a positive force is, arguably, greater than ever.

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