

## NSFW: “Maybe a 70% failure rate for change initiatives isn’t so bad?”

Jeff Hicks

[PragManagement.com](http://PragManagement.com)

Spoiler Alert: If you don’t like hearing about things that are likely to make you feel older, it’s probably best to stop right here. Because what I’m about to tell you, is that believe it or not, it’s now been *20 years* since Nitin Nohria and Michael Beer published their article “Cracking the Code of Change” with its now-famous claim, perhaps one of the most widely-known in modern management: “the brutal fact is that about 70% of change initiatives fail.”<sup>1</sup>

Debate over this old chestnut has ebbed and flowed over the years, but it’s certainly never been settled. While preparing this article, for example, I did a brief search online and found that Deloitte<sup>2</sup>, Forbes<sup>3</sup>, Gallup<sup>4</sup>, Harvard Business Review<sup>5</sup>, McKinsey<sup>6</sup> and many other organizations and authors, continue to make unquestioning use of the ‘70% fail’ claim, often as a kind of ‘burning platform’ for motivating their clients or readers to act.

Critics<sup>7</sup> meanwhile, say the figure is either inaccurate or unsupported altogether. Any binary measure of ‘success/failure’ is too simplistic, they argue. If your change initiative doesn’t fully achieve its target, but you still pick up some useful learnings and experience, should that be counted as simply a ‘failure’? Or they point that because many initiatives are not seen through to completion, but instead get merged and mixed into the latest initiatives, it’s nearly impossible to isolate the impact of any one initiative, let alone extrapolate that up to any meaningful ‘average’ outcome for change initiatives in general.

So while the debate goes on, it’s also gotten a bit stale, don’t you think? Over the last 20 years, many organizations have focused on becoming less monolithic and more agile. For these organizations at least, change is something that’s continuous, rather than an episodic event to be managed, and for better or worse, their interest in ‘change management’ as traditionally practiced, may have waned.

With all these reservations, why bother writing an article about it? There’s an entire generation of younger, up-and-coming managers who may not know nor care about this long-standing debate over whether or not 70% really fail, so perhaps we should just let it fade away?

No, because that would be a missed opportunity. I’m writing this article because I believe—better yet, I *know*, based on both experience and research—that we can reinvigorate the entire discussion in a way that’s beneficial for you and your organization. And not by continuing to focus on percentages of success/failure, but by revisiting some of the equally worn out assumptions that underlie the whole debate—assumptions about organizations themselves, about what they are, and how they operate.

For example, why do we *assume* that a 30% success rate (i.e. a 70% failure rate) for change initiatives is so awful and unacceptably low? Was there a time when we did better, and so 70% failure is cause for alarm? Because this is precisely where the motivating power of ‘70% fail’ comes from—we *assume* we can do not just better, but *much better* in fact. And when we’re confronted with claims to the contrary, it’s shocking, and ‘70% fail’ becomes effective as a ‘burning platform,’ motivating us to act.

But where would such assumptions come from, and why are they so resilient? In other words, if our success rate has been consistently and unacceptably low *for a period of decades*, why have we never felt the need to maybe ‘recalibrate’ or (whispering now, because it’s NSFW) *lower* our expectations as to what

a more or less *normal* rate of success for org change initiatives might be? And finally, is there a way of re-conceptualizing, or thinking about organizations differently, such that a long-standing success rate of 30%, while certainly not cause for celebration, at least makes a little more sense?

Occam's razor says that simpler explanations are preferable. Fortunately, there are some fairly simple answers to the questions posed above. So, why do we assume that our success rates of organizational change should be higher? Simple: Because modern management is a product of the industrial revolution, and those industrial influences remain with us today. For at least the first 100 years of its roughly 150-year history, management has been an industrial/technical discipline, focused on, and more or less synonymous with: control.

If you doubt this influence still remains today, consider that the 'burning platform' still motivates people to act primarily because it contradicts some deeply held assumptions about the level of control we assume we have, over change initiative outcomes. Or consider how it's acceptable to talk openly about what our success rates (assumedly) could or should be, but how it's decidedly NSFW to talk openly about what those success rates actually are: "Don't worry boss, let's just give this a try! 70% of these things don't work out anyway!" said the soon-to-be-unemployed.

The primary responsibility of management has evolved from where it started—'managing the machine'—to where it stands today—'managing the organization'—but the bedrock assumptions of predictability and controllability from our industrial past, remain firmly in place. As for the resilience of these assumptions, it's not only because of historical legacy. The stunning successes of the industrial age, overseen and shepherded by management, has reduced or deflected in the first place, any felt need to question or recalibrate the basic assumption that control over change outcomes, if executed properly, is fully possible.

About the next question, is there a way to think differently about what organizations are, such that a 30% success rate for change initiatives at least makes a little more sense? Yes, and it is simply this: *Organizations as social spaces*. This means we look at 'an organization' not as a machine, nor as a collection of buildings, technologies and contracts, but primarily as a collection of people and the relationships between them. It also means we give primary (but not sole) importance to *social* competencies—e.g. communication—compared to *technical* competencies—e.g. equipment/technology operation. The use of the word 'space' indicates that the social relationships of which organizations are composed are not bounded by a physical 'place,' just as we refer to internet traffic, for example, as occurring 'in cyberspace' and not 'at a cyberplace.'<sup>8</sup>

One of the things that looking at organizations as social spaces helps to make sense of, is a 30% success rate. Upon entering the realm of *social* science research, for example, which includes sociology, management, organization studies and other disciplines, it comes as a surprise to many to learn that whenever we seek to predict or control the outcomes of social experiments or social situations, our ability to do so—the so-called 'predictive power' of a theory—is about, you guessed it: 30%, and this is true for even our most robust social science theories. The observed outcomes that we cannot explain or control, at least not to a level of statistical significance? 70%. Sound familiar?

Here's a thought experiment. Suppose you were elected mayor of the town where you live. With spring on the way, you kicked off a new 'Git Fit!' health and exercise campaign for the people in your town.

Suppose also that by the completion of the campaign, more than 30% of the town's population had actively participated—a runaway success for sure. Now let's add a different example.

Years ago I worked for IBM. We had more than a third of a million people, working in more than a hundred different countries. Looking across this massive organization, but from a *social* perspective, if you could coordinate the activities of that many people, across that many countries and cultures, and hit the target 30% of the time, that sounds pretty good, doesn't it?

The point is, when we look at situations we naturally see as 'social,' like your town's 'Git Fit!' campaign, this rate of success seems good. But when we look at our organizations, like IBM, we often do so through a lens that reflects the still-influential industrial origins of management, and with much higher expectations of control. From this perspective, a 30% success rate seems bad, alarmingly bad. When looking at our organizations as social spaces, maybe a 70% failure rate for change initiatives isn't so bad after all?

One response to this might be that, with the IBM example, these are not just people or participants in a voluntary campaign—they are *employees*. They're getting paid to do their jobs, so we should expect a higher rate of success with our initiatives. Good point. It's also true, however, that for decades, Gallup's well-known surveys have reported that the average engagement of the US workforce—i.e. the percent of workers who are enthusiastic about and committed to their work—has hovered around the 30% mark.<sup>9</sup> So if we figure in workforce engagement, or the lack thereof, then once again a 30% success rate seems to make sense. Although I'm not aware of any research on this specific point, I suspect that the similarity between the rate of change initiative success and the rate of workforce engagement, is more than just coincidence.

The idea that organizations are collections of people (each with that pesky free will!) and relationships—this was a common, even *prevailing* idea, up until the 1930s. In 1938, for example, Chester Barnard, a well-known executive and author, wrote in *The Functions of the Executive* that organizations were an intangible "system of cooperative activities of two or more persons...*largely a matter of relationships*" (p. 75, emphasis added).<sup>10</sup> Barnard was also one of the first to make use of the (at the time new) word 'organization,' but he did so tentatively, and with a caveat, referring to a group of people as 'an organization' only "for convenience of phraseology" (p. 75).

But by 1948, just 10 years after Barnard's book, and with industrialization and modernization advancing, the importance of people and of human relationships had already faded into the background. Philip Selznick, an influential professor of sociology wrote explicitly that the characteristics of 'the organization' are *not* those of the people who comprise it. "This means that the *organization* [not the people] reaches decisions, takes action, and makes adjustments" (p. 27-28, emphasis in original).<sup>11</sup> Organizations should be designed "in such a way that individuals will be interchangeable and the organization will be free of dependence on personal qualities. In this way, the formal structure becomes subject to calculable manipulation, an instrument of rational action" (p. 25). Sounds like a potentially efficient, but also rather cold and impersonal place to work, does it not?

In just a few years, the conceptualization of 'organization' had shifted from that of a collection of people and relationships—with all the dynamism and unpredictability that implies—to a formal structure, "subject to calculable manipulation" and control. Mechanistic and 'systems' metaphors of organizations took hold. These perspectives were further reinforced by the post-war efforts to make business education

‘more scientific and rigorous,’ which involved the importing of theories and methods from the hard sciences directly into the management curriculum. This was a pivotal era for management, one which set us in the direction that for the most part we’re still on today.

All this leads to an even more important question: *So what?* If history helps explain why we assume our success rates should be higher, and if the idea of organizations as social spaces helps explain why those success rates are never fully achieved, then so what? What are the implications and, more importantly, the benefits for you and your organization?

One of the first and most obvious implications is the need to re-emphasize and re-prioritize the *social competencies* that we already know drive success, both for individual careers and for organizations as well. This is a kind of ‘back to the future’ proposal—to reclaim the benefits of the social focus we had decades ago, and to make ‘safe for work’ the ideas we will still think about and discuss today, albeit quietly, sometimes even covertly. If we consider organizations to be social spaces, then of course social competencies move from the background to the foreground, right alongside the *technical competencies*, compared to which they are at least as important, if not sometimes more. As for the benefits, examples are not difficult to find.

In 1995, Daniel Goleman published the book *Emotional Intelligence*.<sup>12</sup> Great book. Also a runaway best seller. Here’s a summary, in 10 words: ‘Be aware of, and manage emotions, both yours and others.’ Why would a book offering advice this simple become a best seller? Because historically, we hard-nosed managers have been trained to *exclude* emotions from our ‘rational’ decision making processes, and because the book was a useful and welcome reminder that in the social space of an organization, emotional intelligence (EQ) is not just a useful competency, it’s of primary importance to one’s career. Goleman’s book on EQ, Robert Sutton’s colorfully titled *The No Asshole Rule*<sup>13</sup>, and more recently, in 2020, *Humanocracy* by Hamel and Zanini<sup>14</sup>—all advocate a ‘re-humanizing’ of our organizations, and the uptake and the receptivity have been strong. Proposal: If you want to become a more effective manager or leader, and help your organization as well, improve your EQ, and don’t be an...well, you know.

‘Communication’ is another social competency that is particularly in need of renewed attention, so I’ll go into a little more detail. I’m a faculty member in the school of management at a large public university. We subscribe to annual surveys that ask employers what they’re looking for most, from our graduates. What’s at or near the top of the list, year-in and year-out? Communication. Also often appearing near the top: team-working, interpersonal competencies, leadership, etc. ‘Technical competencies’ are usually far down the list. Of course this doesn’t mean that technical competencies aren’t important, just that they’re not any *more* important than social competencies, and indeed sometimes less so. Technical competencies can also be more easily trained. ‘Hire for (social) attitude, train for (technical) skill’ as the old saying goes, appears to be alive and well.

At this point, I’m guessing a reaction might be: ‘But we know all this already. We know, and have known for some time, about the importance of EQ, of good communication.’ True enough, but our performance levels on these competencies have been poor for some time as well. The Project Management Institute (PMI), for example, reports that “poor communication is the number one reason why projects fail.”<sup>15</sup> In 2015, Interact/Harris conducted a survey of ‘top complaints from employees about their leaders.’<sup>16</sup> Respondents reported a “striking lack of emotional intelligence...” and 91% cited ‘poor communication.’

So why would it be that these two things continue to co-exist: 1) a general and long-standing agreement on the *importance* of communication, and 2) a long-standing record of *poor* communication? One answer, as discussed, is because of a certain inhospitability toward social competencies, amid work environments that have historically been seen as industrial—communication and other so-called ‘soft skills’ are given lip service, but are often the first to get brushed aside when things get busy or stressful.

Also, it can also be difficult to build enthusiasm for improving communication and other social competencies. People either assume they’re already pretty good at them (which research contradicts), or, understandably, people are hesitant to admit openly that they’re not. Being told ‘you’ve made a calculation error’ is one thing; being told ‘you’re a poor communicator’ is quite another. ‘A training course to learn about a new app or the impact of some new regulation? Sure, I’ll sign up for that. A course on ‘improving managerial communication’? Ooh, sorry, no, looks like I’m fully booked that day.’

Another impediment to improving communication and social competencies in general, I must admit, lies with university management education. At most US universities, 90% of the course credits for a degree in business administration are earned from *technical* courses. And usually only one or sometimes two courses—out of a total of about 40 courses required for a bachelor’s degree in business administration—focus specifically on communication.

In addition, there’s the issue of how communication is taught. Most management textbooks today explain communication as the sending of messages, through a channel, from a sender to a receiver. Sounds reasonable enough, but there are some significant limitations with this ‘sender-receiver’ model. First, it focuses on the *message*, but makes no provision for *meaning*. And as we all know, the message and the meaning are often different. ‘Great job!’ spoken with sincere enthusiasm to a colleague, means precisely that—they did a great job. But the exact same words, spoken with obvious sarcasm, have the exact opposite meaning.

Another problem with sender-receiver: it puts the sender in charge, and renders the receiver passive. Poor communicators, which I will argue is essentially equivalent to saying ‘poor managers’ or ‘poor leaders,’ see their responsibility as ending as soon as their message is sent: “What do you mean you didn’t know about the meeting? I sent you a text!” or, for you Boomers: “I sent you the memo!” Rather than working to co-create their plans in the first place, poor communicators often find themselves having to work hard later on to get ‘buy-in’ to their already-finalized plans.

Because we’re talking about universities and education, time for a quiz: Suppose you wanted to improve your own communication abilities, and you went to your local university to learn more. Which department would you visit? The communications department? Psychology? Sociology, perhaps? All good choices. How about *electrical engineering*? Anybody? Because this is where the ‘sender-receiver’ model of communication emerged from, back in the 1940’s.<sup>17</sup> In the post-war era, well-intentioned administrators and philanthropists decided that business education should be more scientific and rigorous. So they imported theories from the hard sciences directly into the social sciences, including management. Electrical engineering researchers were working on early circuit designs, which involved the sending and receiving of electrical signals across various media, and measuring the amount of signal loss or distortion. Turns out silicon works pretty well for this purpose. While sender-receiver may have been effective for circuit design, it was never very well suited as a metaphor or model for human communication, as a game of “telephone” will humorously demonstrate.

So what would be an alternative? Here's one, taken from our friends over in the sociology department: communicating as the co-creating of shared meaning. The focus is not on messaging, but on meaning, and the co-creating of it. I have some ideas; you have some ideas; we discuss, coordinate, collaborate, negotiate, and *if we're successful*—because meaning is a relational *achievement*—then shared and co-created meaning results. *Your* blue paint, and *my* yellow paint, mix together to form *our* green paint. Rather than seeing their responsibilities as ending when the message has been sent, effective communicators (and effective managers and leaders) *take responsibility for others' understanding*.

Proposals: If you want to become a more effective manager or leader, and help your organization as well, become a better communicator. But do it differently than we have for decades. Strive to communicate not only for clarity of message (those are table stakes) but for meaning. Meaning, not the message, is the more rare, more valued, and more hard-won achievement. With your teams, you can fall back on the more time-efficient model of 'sender-receiver,' but only *after* you've successfully co-created shared meanings and understandings in the first place. Be wary of affixing the label of 'communication' too lightly or trivially, onto activities like the sending of asynchronous text messages or emails. These are, I suppose, forms of 'communication,' but they're forms that connect us with only the thinnest of threads, that are easily broken or misinterpreted. You can be a better communicator, starting now, by availing yourself of communication models and metaphors that are better-suited for the richness of human communication, and by taking more responsibility for others' understanding.

There are numerous other potential benefits for adopting the perspective of organizations as social spaces. But perhaps one of the most fundamental is that doing so would simply clear the air, so that we could speak and write more honestly and openly about our actual, ongoing experience; so that we could bring more of our whole social selves to work; and so that these kinds of conversations that are currently not safe for work, could become so.

I believe authors and academicians have not only an opportunity, but also a responsibility to 'say the quiet part out loud,' i.e. what practicing managers and leaders may be thinking, but cannot openly express. I also believe we have an obligation to work together with managers and leaders, to craft and articulate alternative methods—like communication as the co-creation of shared meaning, for example—that make striking out on the uphill path of innovation a little more viable, more legitimate, and a little less professionally risky. For me, it was precisely this lack of opportunity to speak openly that drove a career change from consulting to academia. To conclude, I'd like to share a portion of that story with you.

When "Cracking the Code of Change" appeared in the May-June 2000 issue of Harvard Business Review, I was doing consulting work in Tokyo with one of the [then] 'big five' firms. That article, appearing in a well-known publication, gave us a sense of validation for what we already knew: that achieving real and positive change for our clients and their organizations was darn difficult work. The 70% figure was widely discussed by managers and of course consultants, and it became de rigeur in our proposals. Papers referencing the original article would appear occasionally, leading over time to a widely-held belief that it was settled science: '70% of organizational change initiatives fail.'

In our proposals, we'd often begin by referencing the high failure rate for org change initiatives, invoking the now-infamous 'burning platform.' Then we'd put forward our own 'proven methods' by which we proposed, with confidence and certainty, to lead their particular change initiative to a successful completion. Curiously, our clients never asked us where, or for whom, our methods had been 'proven,' nor how they differed from the 70% that had ended in failure.

Eventually, however, people began to take a closer look. I'm sure many of you, as I did, began to ask 'Are we really doing *that* badly?' Because our clients didn't seem to think so. In fact a similar percentage of our revenues—about 70%—came from repeat business, i.e. new work, requested by the same clients.

I began doing some in-depth reading and research on my own time, and soon came to some unsettling conclusions. First, there simply wasn't much empirical evidence at all, in either the business press nor academic research, to support the claim that 70% of change initiatives failed. And the more I researched, the less confident I became about my own understandings of organizations and how they operated. The books and papers I was reading at night, were beginning to seriously undermine the client proposals I was pitching during the day. At the risk of sounding melodramatic, I couldn't go on in good conscience. So in 2003, I left consulting for academia, hopefully to find some answers.

In the 6 years it took me to complete my dissertation, my views about organizations, and how to manage and lead them, changed completely. The questions and answers appearing above, about why we assume our success rates should be higher, and how looking at organizations as social spaces provides one good answer—this is the result of that work. Since 2012, I've had the chance to further refine and validate these ideas, not only from a research perspective, but also from a practice perspective as well, while working with and also learning from the few thousand talented participants that have come through the undergraduate, graduate (MBA) and executive level (EMBA) classes I teach.

In the first several years of my managerial career, I firmly believed that if I just worked hard enough, and made the right decisions, at the right time, then success at a much higher rate was fully possible. That is what I'd always read, been taught, told and trained, and I believed it. From my clients past and current, and from the participants in my classes, particularly from those with several years of work experience, I've learned that I'm far from the only one to have held that view.

Today, my view is that a 30% success rate for organizational change initiatives sounds about right. That rate is cause for neither celebration nor complacency, but it is, in my view, at least a realistic one. Back in my full-time consulting days, I wondered how 70% of our revenues could possibly come from the same clients, if only 30% of those projects had fully achieved their objectives. Today, my answer would be that the source of our value—perhaps as much as the deliverables themselves—were the *relationships* we'd developed, just as Chester Barnard might have predicted, more than 80 years ago.

In my current role as a faculty member, my responsibility is to help prepare our participants to successfully enter or re-enter their careers as managers and leaders. I believe it's a disservice to them to pretend there are formulaic answers, or to *not* tell them how challenging it's likely to be, along with at least some explanation of why—as I've tried to do here. As managers and leaders, I tell them, they'll be tasked (although it won't be framed this way) with predicting the unpredictable, and controlling the uncontrollable—that's why they earn a paycheck. The good news, I also tell them, is that they're entering or re-entering management at an interesting time, when the old rules are fading, and the new rules have yet to be written. The new rules, or guidelines at least, are theirs to write. More good news, for them and for you, Dear Reader, is that as of today at least, looking at organizations as social spaces is *not* (yet?) the norm. This means that strengthening your social competencies and your professional relationships can still be a positive differentiator—for you and your organization.

Bon voyage!

- 
- <sup>1</sup> Beer, M.; Nohria, N. Harvard Business Review, May/June 2000, Vol.78(3), pp.133-141
- <sup>2</sup>[https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/human-capital/lu\\_demystifying-change-management\\_FGI.pdf](https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/human-capital/lu_demystifying-change-management_FGI.pdf)
- <sup>3</sup><https://www.forbes.com/sites/brentgleeson/2017/07/25/1-reason-why-most-change-management-efforts-fail/#7d789af5546b>
- <sup>4</sup> <https://news.gallup.com/businessjournal/162707/change-initiatives-fail-don.aspx>
- <sup>5</sup> <https://hbr.org/2013/04/change-management-needs-to-cha>
- <sup>6</sup> <https://www.mckinsey.com/featured-insights/leadership/changing-change-management>
- <sup>7</sup> See for example: Hughes, Mark. "Do 70 per cent of all organizational change initiatives really fail?" Journal of Change Management 11.4 (2011): 451-464.
- <sup>8</sup> For those interested in the discussions and research of 'space' vs. 'place,' architects, geographers and philosophers have *much* more to say on this interesting topic!
- <sup>9</sup> <https://www.gallup.com/workplace/321965/employee-engagement-reverts-back-pre-covid-levels.aspx>
- <sup>10</sup> Barnard, C. I. "The functions of the executive." Cambridge (Mass.) (1938).
- <sup>11</sup> Selznick, P. "Foundations of the theory of organization." American sociological review 13.1 (1948): 25-35.
- <sup>12</sup> Goleman, D. *Emotional Intelligence*. New York: Bantam, 1995.
- <sup>13</sup> Sutton, R. I. *The no asshole rule: Building a civilized workplace and surviving one that isn't*. Business Plus, 2007.
- <sup>14</sup> Hamel, G. M. Zanini. *Humanocracy*. Harvard Business Review Press, 2020.
- <sup>15</sup> Monkhouse, P. (2015). My project is failing, it is not my fault. Paper presented at PMI® Global Congress 2015— EMEA, London, England. Newtown Square, PA: Project Management Institute.
- <sup>16</sup> Solomon, L. "The top complaints from employees about their leaders." Harvard Business Review (2015): 2-5.
- <sup>17</sup> The paper most often cited is: Shannon, C. E., and W. Weaver. "The mathematical theory of information." *Urbana: University of Illinois Press* 97 (1949).