

**LEADERSHIP**

# **Change Only Happens When Managers Believe What They're Saying**

by Torbjørn Netland, Maricela Arellano, and Johannes Meuer



transformation programs fall short of their objectives<sup>1</sup>—and other studies report failure rates as high as 84%<sup>2</sup>. Why so bad? It isn't because the benefits aren't clear. Usually, the company intends to adopt business practices of more advanced firms, and stands to gain in productivity, growth, and profits<sup>3</sup>.

Results from the World Management Survey, covering data from 12,000 managers, suggest that moving a firm from the bottom 10% to top 10% adopters of well-known management practices yields 25% faster annual growth and 75% higher productivity, and boosts innovation by a factor of ten<sup>4</sup>. The means are also usually apparent, whether the change involves swapping out software or reorganizing processes. In fact, the majority of change plans require neither rocket science nor sorcery. And given that most changes are incremental, the work itself is often relatively simple.

So, what goes wrong? A plethora of research has sought to better understand why corporate change programs fail. Early research on planned change advanced a structural perspective while more recent research emphasizes a behavioral perspective<sup>5</sup>. Both streams argue that the biggest difference between change that succeeds and change that fails is the strength of managers' commitment to it. This insight—despite being reported so often—hasn't been very helpful as it doesn't tell us anything about *why* so many managers stay disengaged from important programs. To find out, we investigated what committed managers think about the new practices they are driving.

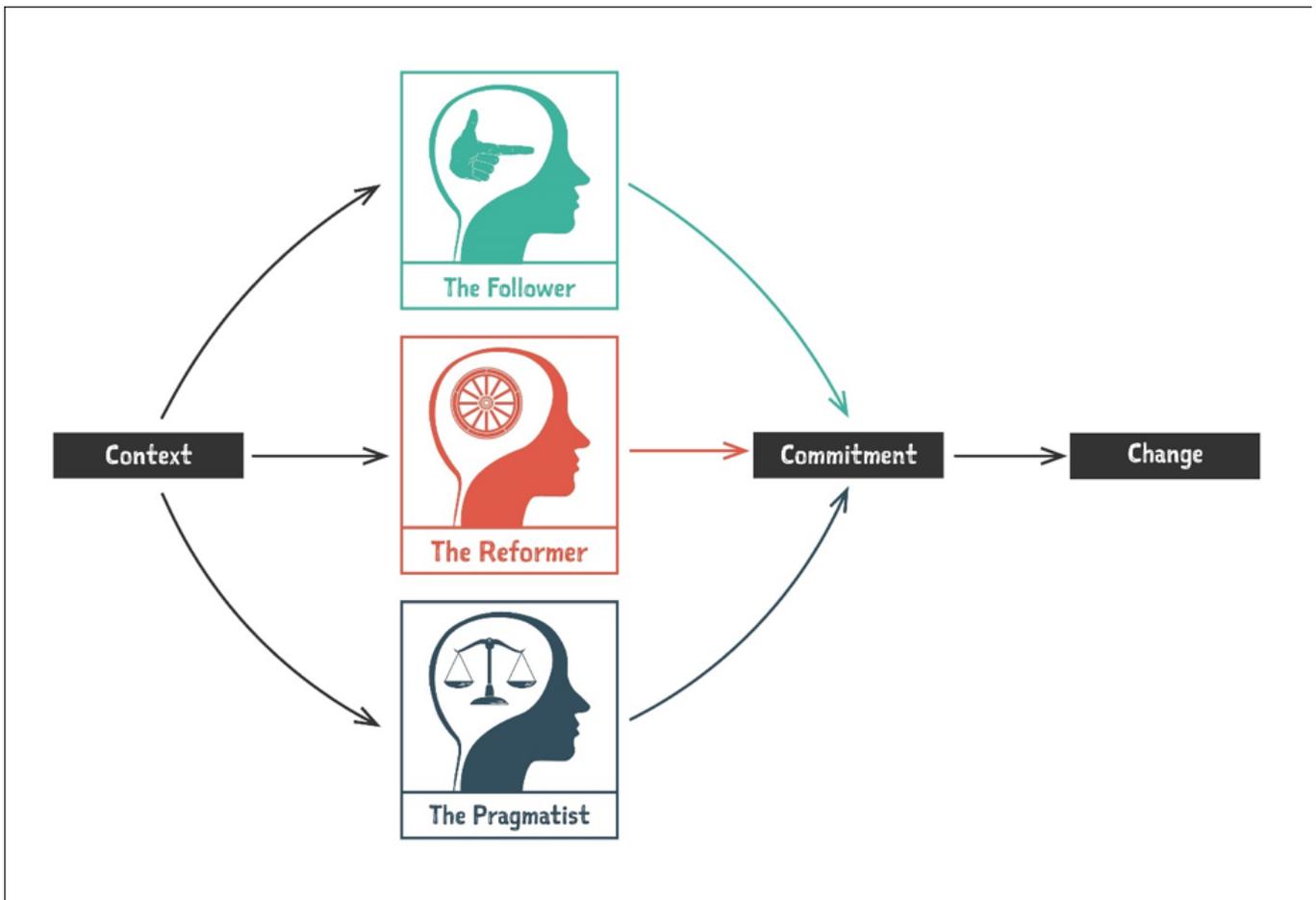
## Change You Can Believe In

Our research studied the cognitive foundations of commitment to practice adoption in multinational firms (for details, see our article “Commitment follows beliefs: A configurational perspective on operations managers' commitment to practice adoption” recently published in the *Journal of Operations Management*<sup>6</sup>). We conducted in-depth surveys with 76 unit-level senior managers who had recently implemented such a change in their organizations successfully, asking about their beliefs and commitments to the change. To analyze our rich dataset, we use qualitative comparative analysis (QCA), which is able to handle equifinality—the idea that several paths can lead to the same outcome.

We found that managerial commitment depended not on one kind of belief about the change and their own role in making it happen, but on specific combinations of three known belief types<sup>7</sup>:

- Behavioral beliefs arise from an individual's concerns regarding the consequences of a certain action. They include beliefs about *valence* (how attractive the possible outcomes are believed to be), *discrepancy* (how much the change is believed to close a gap between the current and the desired state), and *appropriateness* (how well the change will actually remedy a problem).
- Control beliefs refer to an individual's own assessment of the ease or difficulty of performing a particular behavior. The more an individual believes in his or her own capacity (known as *self-efficacy*), the more likely he or she will support change.
- Normative beliefs refer to an individual's hunch that others will feel a particular way about a given behavior. These beliefs stem from real or perceived social pressure. Managers triggered by normative beliefs think that acting a particular way will win legitimacy from others. It is a *coercive belief* if the managers perceive the change as expected or mandated. It is a *mimetic belief* when managers perceive that the change should be implemented because it is generally accepted as a better way.

Managers who pursue programs with strong commitment mix these types of beliefs into three basic mindsets (see Exhibit 1). Although the cognitive paths that leads to these mindsets differ, they all result in commitment to change.



*Exhibit 1. Three belief configurations that lead to high commitment to change*

## The Belief Profiles

To illustrate each of the belief configurations, we draw on data collected first-hand from a case study of a corporate lean transformation in a global chemical company. To keep the examples focused, we select expressive quotes related to implementing one of the most significant practices in the planned transformation: daily shop-floor meetings around production status boards (also known as daily “huddles”). This change was mandated by the headquarters for implementation across all 40 sites of the company, located on all continents. The case serves as a useful setting for studying belief configurations because it entails both structural and behavioral change and involves everyone in the local sites.

**The Follower** is primarily motivated by external pressures—especially those coming from further up the ladder (i.e., coercive pressures) but also from what peers do (i.e., mimetic pressures) but still has a lot of confidence in his or her own abilities (i.e., self-efficacy). The Follower is unafraid of making a change and will fight for its adoption if it seems likely to make the team improve and look better (i.e., appropriateness). An example of a Follower is a senior manager we interviewed who implemented the mandated boards and expressed beliefs that benefits will eventually be tangible and that he could drive it:

*“This is modern production best practice [coercive and mimetic pressures]. We have come a short way in our journey (...) but the benefits will undoubtedly come [appropriateness]. The working environment is changing visibly, and attitudes are changing too [self-efficacy]. I have little doubt that all this work will pay off in the long term.”* Factory Manager & Follower

Making Followers commit to change is straightforward; a clear mandate and strategic direction will go a long way as long as there is clear communication about the effectiveness of the proposed change.

**The Pragmatist** commits when he or she sees the possibilities of gains for the team (i.e., appropriateness) and him or herself (i.e., valence) but is not particularly motivated by a perceived need to close a gap (i.e., absence of discrepancy). A factory manager we interviewed captured the quintessence of the Pragmatist:

*“The new corporate boards required us to get rid of the old. But this is no problem; we can place our old figure on our new boards. This way, we achieve renewed visibility and support for my strategy [valence] and can boost performance further [appropriateness].”* Factory Manager & Pragmatist

A command is not likely to be enough for the Pragmatist. Rather, the Pragmatist can be nudged into commitment when the purpose and gains of the change for both the organization and him or herself are made explicit. For example, measuring implementation and creating competitions with awards attract the Pragmatist to commit to a new practice.

**The Reformer** is positive about his or her own abilities to drive the change (i.e., self-efficacy). But different from the Follower, she or he sees the need for change most clearly, perceiving a gap between current practice and the future being proposed (i.e., discrepancy). We encountered an example of a Reformer in a factory that implemented the planned change immediately when it was announced—but distinctively different from the corporate template:

*“Improvement with or without [the corporate board template] is honestly the same. We would have done it anyway [discrepancy]. We come up with a project idea and work it out [self-efficacy].” Operations Manager & Reformer*

A Reformer is less impressed by mandates and orders. To commit a Reformer, provide him or her resources and autonomy to implement the change in the way he or she feels is best. You can nudge Reformers to commit by showing them ideas and successes from other sites and companies but shouldn't call them out if they make missteps early on.

## Building Beliefs

For a strategist responsible for driving change through an organization, the important thing to keep in mind is that any one of the three configurations makes the cut. Leaders come in different shapes and are constantly navigating uneasy waters, so don't make the false assumption that everyone will be motivated in the same way<sup>8</sup>. As a leader of leaders, you need to inspire one of the three combinations of beliefs in each of your subordinates to trigger a strong commitment to the change.

How should you do it? Based on what we learned, we have four general suggestions for corporate managers:

1. **Fire on all cylinders.** Some managers make the mistake of assuming other people are like them. This cognitive bias reduces the number of tactics they use to the ones that would have triggered themselves. However, managers' sets of beliefs are triggered by different means. When companies begin a change journey, senior managers should over-treat instead of relying on the limited set of practices that would motivate them.

A lot of communication, assistance, measurement reporting, audits, awards, and benchmark visits early on will save you time later (see Box 1). Not all this “medicine” will be effective for everyone, but everyone will be affected by something—and therefore get going.

2. ***Focus on the why and how—not the what.*** Many companies invest in training, especially when the change is large in scope and depth. While training helps to foster a sense of familiarity and confidence in implementing the change, it shouldn't be restricted to the change content. Training should focus less on the details of the change—the *what*—because it does not evoke any particular belief configuration. Instead, as explained by Simon Sinek<sup>9</sup>, spend more time persuading managers *why* the change is the right change in light of the factors that matter most to them. Of notice, however, organizations that develop a superior change capability also teach their leaders *how* to pass through the change. Keep your eye on the process, not the outcome.
3. ***Talk to the foot-draggers.*** While it is fairly easy to spot if a manager is committed or not, it is almost impossible to determine by observation alone what belief configuration might be the easiest to inspire in each individual. There is no way to learn about it other than a good, old person-to-person conversation. Ask managers who do not seem too engaged how they feel about the program. Once you understand how they see it, you will be better able to either address their concerns or adjust your pitch.
4. ***Monitor and adapt tactics to nudge beliefs.*** Centralized corporate change deployment is a challenging task, and the fact that managers are committed to change initiatives for different reasons does not make it easier. For each manager, monitor the effects and side effects of the rollout tactics and adapt them accordingly. Keep an eye on what tactics effectively commit individual leaders to different practices, and tailor communication and actions accordingly. It's important to remember that the three groups aren't immutable personality types. Nobody is always a Follower, Pragmatist, or Reformer. Instead, their belief configuration depends on the context and change. You may well be a follower on specific issues, a pragmatist on others, and occasionally a reformer. Great leaders develop an intuition for how their people get committed to whatever change they are driving.

Henry Ford once said, “Think you can, think you can’t; either way you’ll be right.” Change management is an intensely human activity. Anthropologists concluded long ago that human beings are hard-wired to trade and cooperate. This insight still holds for planned change programs. Leaders trade-off benefits to perceived costs in their minds. While leaders are weighting factors differently, they all commit if the sum is positive

Even in an era of rapidly advancing artificial intelligence and data analytics, our research suggests that there is no getting away from the need to make sure people believe in the value of their projects. The killer app of change management is still beliefs.

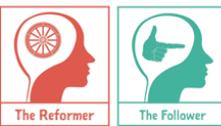
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**Box 1. Tactics that trigger commitment for Followers, Pragmatists, and Reformers**

## Box 1. Tactics that trigger commitment for Followers, Pragmatists, and Reformers

Mindset	Belief trigger	Tactic	Examples
	Appropriateness	<p>Push formal communication</p> <p>Align change goals and the unit's goals</p> <p>Communicate the positive impact</p>	<ul style="list-style-type: none"> <li>• Strategy presentations/reports</li> <li>• Townhalls and information boards</li> <li>• Open feedback sessions</li> <li>• Explain the compatibility to other initiatives</li> <li>• Use performance reviews</li> <li>• Benchmark performance</li> </ul>
	Valence	<p>Align change goals and the people's goals</p> <p>Highlight potential gains</p> <p>Use non-financial and financial incentives</p>	<ul style="list-style-type: none"> <li>• Use appraisal talks</li> <li>• Establish coaching structures</li> <li>• Name active change champions</li> <li>• Create career opportunities</li> <li>• Award competitions</li> <li>• Delegation of authority</li> <li>• Use bonus regimes</li> </ul>
	Discrepancy	<p>Start simple Invest in experimentation</p> <p>Demonstrate how the change can look like</p> <p>Performance transparency</p>	<ul style="list-style-type: none"> <li>• Use pilot areas</li> <li>• Communicate early success</li> <li>• Share best-practices globally, training</li> <li>• Create "lighthouse units"</li> <li>• Showcase metrics and performance gaps</li> </ul>
	Self-efficacy	<p>Encourage a no-blame culture</p> <p>Provide a roadmap</p> <p>Provide know-how &amp; training</p>	<ul style="list-style-type: none"> <li>• Allow employees to make mistakes</li> <li>• Implement continuous feedback</li> <li>• Developed an implementation plan</li> <li>• Assign process managers</li> <li>• Create a knowledge database/wikis</li> <li>• Education and on-the-job training</li> </ul>
	Perceived coercive pressure	<p>Promote cooepetition</p> <p>Make change mandatory</p> <p>Follow-up closely</p>	<ul style="list-style-type: none"> <li>• Celebrate best-performing units</li> <li>• Promote successful managers</li> <li>• Demand compliance</li> <li>• Provide corporate standards</li> <li>• Use audits and assessments and deadlines</li> <li>• Visit the unit</li> </ul>
	Perceived mimetic pressures	<p>Showcase others' successful change</p>	<ul style="list-style-type: none"> <li>• Use story telling</li> <li>• Encourage benchmark visits</li> <li>• Send managers to conventions/conferences</li> </ul>



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