

MAKE CHANGE WORK



Staying Nimble, Relevant, and
Engaged in a World of
Constant Change

RANDY PENNINGTON

Praise for *Make Change Work*

“I could rename this book, *How Tulips, Dodo Birds, and Coyotes Changed the Way I Think about Change*. Interested now? You should be. This book is the most fascinating, practical book about dealing with change I’ve ever read.”

—**Larry Winget**

Television personality and best-selling author of
*Grow a Pair: How to Stop Being a Victim and
Take Back Your Life, Your Business, and Your Sanity*

“*Make Change Work* is the best book I have read on the real inner workings of change. It could have easily been called *The Future Belongs to the Coyote*. Pennington does a great job of equating the emotional side of change with the pragmatic, ‘let’s get it done’ side. Lessons for the future rest on these pages, no matter how many change scenarios we might have dealt with as managers.”

—**Gary Nelson**

Chairman, First Texas Bancorp

“The highest praise I can give a book: ‘You will use it.’ Randy Pennington has written an extraordinary book about change (and leadership, and culture, and execution, and more) that you won’t just enjoy reading; you will use the ideas in it the second you put it down. From his thoughts on ‘what’s on top of your refrigerator’ to ‘unpacking the baggage,’ you’ll be thinking ‘I can do that’ and ‘We have to do that’ and ‘Why haven’t we done that?’ and then you’ll do it. Let me say it flat out, Randy Pennington is the best business writer I know, and this book will significantly impact and improve the way you do business.”

—**Joe Calloway**

Author, *Be the Best at What Matters Most*

“Randy worked with our global Human Resources team and his practical, high energy approach provided a catalyst for us to stop waiting for results and culture to happen and take

personal ownership. His latest book, *Make Change Work*, lays a simple path from the strategy to tactics for change. Randy teaches leaders to attack change not as a process to manage but as a way of operating that is reinforced by good habits and constant reminders that we celebrate and reward people for taking on change that delivers results.”

—**Susan Kelliher**

SVP Human Resources,
Albemarle Corporation

“The most challenging aspect of successfully managing change is providing leadership to the individuals in your organization who must buy into your vision. *Make Change Work* provides real world, practical ideas for leading change—understanding that in order for organizations to change, the people in those organizations must change. Randy Pennington brings the importance of leadership into sharp focus and provides strategies you can use immediately to make change work.”

—**Chris Korst**

Executive Vice President, Operations Rent-A-Center

“In order to make change work, we have to change the way we work. Period. Randy Pennington takes you on a journey to not only change but also how to lead transformation.”

—**Brian Solis**

Author, *What’s the Future of Business* (WTF);
Principal Analyst at Altimeter Group

“Randy Pennington skillfully charts out the path to becoming a successful leader in an ever-changing world. His analysis and expertise provide valuable advice that can be adapted to all organizations and businesses.”

—**Dr. Nido Qubein**

President, High Point University;
Chairman, Great Harvest Bread Co.

“Innovative. Insightful. Engaging. Actionable. Most business books I read have one or two of those qualities—but, Randy Pennington’s new *Make Change Work* is an elite effort that captures all four. His thoughts on change WILL truly change—and

enhance—your business and career. Buy it . . . read it . . . and make change work for YOU!”

—**Scott McKain**

Author, *Create Distinction*

“My legal department wants everyone to know that my opinion doesn’t represent the official view of the company, but I love this book. Randy Pennington lays out a clear case for why making change work is a competitive advantage for your company, and then he shows you exactly what must be done to execute that strategy. Randy knows what works. His experience is front and center in this excellent book.”

—**Karen Klein**

Senior Vice President, Transamerica
Life Insurance Company

“This isn’t just another book about change; it is a manual written by a change leader with vast experience. Pennington’s deep work with a multitude of clients has enabled him to create a blueprint you can use to make change work in your business. Not only is it a good read, it produces results.”

—**Mark Sanborn**

Best-selling author,
The Fred Factor and *Fred 2.0*

“*Make Change Work* is that rare book that combines strategic insights and direction with practical how-to ideas for addressing specific challenges. This book will help leaders at every level be more effective at driving change and delivering results.”

—**Mark Rieck**

Executive Vice President,
International Right of Way Association

“Filled with truths for ensuring you remain relevant in an ever changing environment, Pennington has masterfully captured his years of coaching and consulting in a concise, thought-provoking commentary on the challenges and solutions for successfully leading change.”

—**Terry Pankratz**

Vice President for Budget & Finance,
University of Texas at Dallas

“Leadership, by definition, is about change—making the case, preparing people, marshaling resources, producing desired outcomes, and making it stick. *Make Change Work* offers both foundational principles and practical playbook ideas to ensure success in the change journey. And it is written in a conversational, storytelling, and sometimes humorous style making it accessible and quite effective for executives and managers at all levels. *Make Change Work* is an invaluable read for anyone who aspires to lead.”

—**Henry S. Givray**

President & CEO, SmithBucklin Corporation

“Randy Pennington has articulated, in one book, the essentials of implementing real and lasting change. His approach is easy to understand. The methodologies and tools provided can readily be used or adapted to any organization. I recommend it to anyone facing changes in their work environment, and, I think, that includes all of us.”

—**Michael Di Paolo**

Associate Vice Chancellor and CIO,
University of North Texas System

“*Make Change Work* is that rare business book that tells you what it takes to stay relevant and deliver results to the customers you serve *and* shows you how to actually execute that change. Every member of your team should read and apply the lessons from this book. It could mean the difference between thriving and extinction.”

—**David DuBois, CAE, CMP, FASAE, CTA**

President and CEO, International
Association of Exhibitions and Events

“Dynamite does indeed come in small packages. *Make Change Work* will explode so many myths about how and why change works. Randy Pennington has spent decades teaching leaders how to be better by changing the culture of their organizations. He delivers a culture change toolkit in his latest, and as usual, easy-reading book. It doesn’t matter if you are a manager expected to implement change or a person who feels intimidated by the change seeming to engulf you, this

book will build your confidence to embrace and implement change. Treat yourself to this enlightening book. I have been leading change in government organizations for 40 years. I am a better change agent because I did.”

—**Leonard Martin**

City Manager, City of Carrollton, Texas

“Randy Pennington has written the best book I have read on the subject of change. Most books talk about why change is needed; few tell how to tackle it and make it work for you. This book is packed with practical and actionable strategies on how to actually deal with change and how to lead it. His systematic approach will make a difference in your life and your organization. Simply put: Read this and learn to love change.”

—**Lisa Ford**

Author, *Exceptional Customer Service*

“We’re entering the period of the most accelerated change in human history. The biggest challenge for entrepreneurs will be how to get in front of it and make it work. Fortunately Randy Pennington just wrote a book on how to do just that. If you are ready to become a change leader, read it.”

—**Randy Gage**

Author of the *New York Times*
best seller, *Risky Is the New Safe*

“I read more than 100 business books a year and *Make Change Work* is now my absolute favorite on dealing effectively with change. Randy delivers super ideas, sage advice, and plenty of solid tools, all while keeping it fun and entertaining. To survive in the ‘new normal’ you MUST develop Nimblosity (being nimble with velocity), and *Make Change Work* is your handbook! This is a book your entire team should read!”

—**John Spence**

One of the top 100 business thought leaders in America

“Randy Pennington’s new book, *Make Change Work*, is a must-read, innovative approach to dealing with the dynamics of change! If you want to learn how to be a change leader,

make this strategic investment in your future. This book will heighten your awareness, give you bulleted action lists, and provide benefits you don't want to be deprived of, so get it today and profit from it tomorrow!"

—**Don Hutson**

Coauthor of the #1 *New York Times* best seller,
The One Minute Entrepreneur; CEO of US Learning

"Managing and leading change at every level in the organization is one of the most critical aspects to master, in order to grow your career and business, today and in the future. Randy Pennington has put together a book with realistic examples, expectations, and actionable items that deal with the world of change. *Make Change Work* is a great road map and easy to apply book that will allow you to maximize your cultural competitive advantage and adapt to any challenge."

—**Chris Moses**

VP Total Rewards and Performance
Systems, Albemarle Corporation

"The most well written book about change and how to use it to your benefit. In an uncertain world, the one thing we are certain of is change. As I studied Randy's words, he has outlined the ways to embrace this change within your organization and personal life and to act upon it. Unlike most authors, Pennington has done years of research about what distinguishes great companies and leaders that have thrived in challenging and unstable environments. With tips, calls to action, and the harsh reality of change, Randy really teaches you the tools you need to succeed in the ever-so-turbulent times of change."

—**Chad Hymas**

Author, *Doing What Must Be Done*

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PREFACE

The difference between winning and losing is how the men and women of our company view change as it comes at them.

—Jack Welch
Former chief executive officer,
General Electric

Another book about change? Really? The thousands of other books on the subject aren't enough?

I'm with you.

My iceberg has moved. My cheese has melted, and I don't need to hear another message that changes are coming and I need to get on board.

And yet we are confronted with this reality: Most of our efforts to make change work don't work as well as we had hoped . . . or even at all.

Need proof?

Research published by John Kotter¹ in 1995 stated that 70 percent of change efforts fail to achieve their desired goal. Since that time, there has been an explosion in books, articles, training videos, seminars, and speeches about change.

So what impact did we achieve from all of our focus on change?

In 2013, 18 years after Kotter's study, every indication is that the vast majority of change efforts—as high as 70 percent by some reports—fail to achieve their desired goal.

That's right. There has been basically a whopping 0 percent improvement in our collective ability to effectively initiate and implement change.

We can now conclude that all of our attention and focus on change hasn't really changed our ability to successfully implement change in organizations.

But you knew that already. Think of all the changes you have experienced within the organizations for which you have worked. Don't you think we would be better at it by now?

CHANGE IS IMPORTANT

My favorite *Far Side* comic of all time features a dinosaur standing behind a lectern in front of a room of other dinosaurs. The caption reads, "The picture is pretty bleak, gentlemen. The world's climate is changing, the mammals are taking over, and we all have a brain about the size of a walnut."

Relentless competition, advancing technology, and the struggle to remain relevant have made the ability to change a matter of survival for some industries and professions.

There is another story to be told, however. The ability to make change work is a strategic advantage.

Companies that can quickly identify, anticipate, and adapt to changing customer needs and wants are the winners in a world where the competitive landscape changes overnight. Leaders with the ability to build a nimble team that is engaged and focused on continually getting better will see their opportunities expand.

You can't do what you need to do and be what you need to be as a leader unless you can make change work.

LET'S TALK ABOUT YOU

You are reading this book for one of three reasons:

1. You saw the title and were intrigued. You may be struggling with a change that needs to be made right now. You know that your team, department, and company need to be better at making change work if you hope to remain relevant and competitive in the marketplace. You often feel overwhelmed by the amount of change that is coming at you and the speed at which it arrives. You are looking for answers—even just one or two ideas—that will help you be more effective.
2. Your boss or company gave you this book and told you to read it. Their reasons are probably related to the previous point, but that doesn't change the fact that this book is an imposed

assignment rather than the book you chose to pick up for your after-hours consumption.

3. You know me, are related to me, or have read one of my previous books. You may be interested to see what is on my mind, like my writing style, or feel obligated to know what I have said in case you run into me and I ask, “So, how did you like the book?”

WHAT YOU WILL FIND

This book is written for the leader who wants to make change work. It shares the lessons I’ve learned in over 20 years of helping leaders and organizations change. Much of that work—or at least something more than 30 percent—has been successful. Some of it has not. I have made a substantial part of my living helping organizations of all shapes and sizes implement change. I like to think the fact that they keep asking me for help means that I’m doing a few things correctly.

And there is something for the rest of you, too.

First, this book is short. It is written in small digestible chunks that will make it less painful for those being forced to read it and easier to grab relevant bites for those of you who want to make me feel good when I run into you.

Second, I hope you can already see that I am very passionate about the importance of actually making change work *and* that I want to make this at least a little entertaining. My goal is to make this a conversation, and like any conversation, there will be opportunities to interject a degree of levity.

HOW THE BOOK WORKS

The book is presented in four parts.

- Part I is about the strategic side of change. It talks about the pace and scope of change today. It also shares ideas about why change doesn’t work, defines what good change looks like in today’s organizations, and provides an interesting comparison of dodos and coyotes. These animals, I believe, represent the best and worst characteristics of making change work today.

- Part II is about becoming a change leader. It is the more tactical side. You will learn seven strategies and competencies for increasing the effectiveness of your change efforts. We won't devote time to traditional change management principles of project management. There are many excellent resources for doing that.
- Part III addresses the specific challenges that present themselves when change isn't a choice (such as when a company downsizes or merges with another company) and you want to change your organization's culture. Of all the changes that you will be asked to implement, our experience shows that these are the most difficult. You will also learn about how destructive stimulus-response loops prevent individuals and organizations from effectively responding to change.
- Part IV looks to the future. The Greek philosopher Heraclitus said, "There is nothing permanent except change." The pace and scope of change will only increase.

Each of the chapters contains bulleted action lists and opportunities to work on the application of the principles and strategies. Throughout the book you will see the names of clients and case studies. When you see a first and last name, it is the actual person. When you see only a first name, the example has been sanitized so that it will not embarrass the individual involved.

THE BIG IDEA

Ross Perot, founder of EDS and Perot Systems and former candidate for US president, famously said: "You manage data and things. You lead people."

Change—when it is done well—is a competitive advantage that allows you to be more nimble and relevant in the marketplace.

Too often, we have treated people like data and things to be managed rather than as human beings with dreams, aspirations, and choices. We won't make change work until we embrace the difference as an opportunity to make our organizations, our communities, and our lives better.

Let's get started.

Part I

THE REALITIES OF CHANGE

Chapter 1



THE NEW NORMAL

There is nothing permanent except change.

—Heraclitus

WHEN WILL THINGS RETURN TO NORMAL?

James was in a bind. His heating and air-conditioning business had grown along with the housing boom. He had expanded his business on the assumption that low interest rates and easy-to-obtain mortgages would keep his business growing until he could reach his goal of employing five crews and paying off his debt. At that point, his business would be sustainable even if there was an economic slowdown.

The collapse of the housing bubble caught James completely off guard.

“When will things get back to normal?” he asked during a presentation.

It was a question I had received numerous times since the economic meltdown of 2008. Most people—like James—want to know when the job market will bounce back, when the economy will return to something close to sustained growth, when the uncertainty about our future will subside, or when the rate of change will slow to a more manageable pace.

The answer they want is a timetable for returning to stable markets, low unemployment, and customers who buy their products and services. They hope for a world that is similar to the one in which they knew how to compete and succeed.

My answer is always the same and often unpopular: What if this is it? What if instability, rapid change, and uncertainty about things out of your control are the new normal? And, what if I’m wrong and things bounce back quickly? If you can succeed now, you will crush it then.

Unfortunately for James, I wasn’t wrong.

PERSPECTIVE FROM THE IRON LADY

“The world has changed forever.”

Those words flooded the media in the days and weeks following the terrorist attacks on the United States on September 11, 2001. Many of the conferences at which I was scheduled to speak cancelled during that time, but one did not. The closing speaker was Lady Margaret Thatcher.

Lady Thatcher, the longest-serving prime minister in Great Britain’s storied history, had survived World War II as a little girl. She had experienced the cold war and numerous terrorist bombings in her own country during the 1970s and 1980s. She had led her country through dramatic change. She, as much as anyone in the world, had the perspective to make sense of the attacks on the United States.

Her words are as relevant today as they were then: “The world has stayed the same. It is just that our illusions have been stripped away.”

REFRAMING OUR ILLUSIONS

Humans have a tendency to believe that their initial experience with a situation is the first time that it has occurred. Every change that makes you nervous, uncertain, and sometimes a little crazy has occurred in some form before.

New technology has always been a disruptive and beneficial force in how people work and live. The folk legend John Henry was a steel-driving man who raced against the steam-powered hammer that revolutionized the building of the railroads. The telegraph opened a new era of communication that created new jobs while making others unnecessary. Business has always looked for ways to do things faster, better, cheaper, or friendlier, and technology has played a major role. Why would that be different today?

Globalization has existed since the beginning of time. Overland trade routes between western Asia, the Mediterranean region, and China date to the second millennium BCE. The travel took longer and was much more precarious, but it brought imports, exports, new jobs, and competition for existing jobs among countries and individuals. The opportunities and threats of globalization today

are the logical extension of a history of expansion into new markets to sell, purchase, and produce goods and services.

The Dutch Tulip Bubble of 1637 shares an eerily similar feeling to the banking and mortgage crisis of 2008. Tulips were the speculative currency of the time in Holland. Fortunes were made and lost daily as tulip traders speculated on what appeared to be an investment that would only increase in price. Then someone didn't show up to pay for his tulips. Widespread panic ensued. Tulip prices plunged to virtually nothing, and the Netherlands was forced into a depression that lasted years.

Wars have been waged (formally and informally) forever. American political scientist Quincy Wright wrote: "Change in any particular force, trend, movement, or policy may at one time make for war, but under other conditions a similar change may make for peace." In other words, the world is a very unstable place because humans act in their own interests rather than looking at what is best for their country or the world.

I SHOULD HAVE PAID ATTENTION

How many times have you said to yourself, "If I had only known . . . "?

- If I had only known that I would be doing business with people in other countries, I would have paid more attention in my language classes in school.
- If I had only known that entering information on a keyboard would be an important part of my life, I would have taken a typing class.
- If I had only known about the Dutch Tulip Bubble of 1637, I might not have lost all that money in the bursting of the dot-com bubble or the housing bubble.
- If I had only known that I would actually need my hearing, I wouldn't have played music so loud when I was a teenager. (Okay. That's not true. My parents told me to turn it down, and I didn't. How about you?)

The list is endless.

History repeating itself doesn't make us feel any better as we are experiencing it for ourselves. In fact, it can make us feel stupid and out of touch.

But before you get too angry or frustrated, take comfort in knowing two things:

1. You are not alone. Most people and organizations miss the big changes that affect their lives until it is too late to do anything other than play catch up.
2. There are some aspects of this change that make the new normal different.

MOORE'S LAW AFFECTS EVERYTHING

You have probably heard of Moore's law. In case you haven't, here is the overview:

Gordon Moore, cofounder of technology giant Intel, wrote in 1965 that the number of transistors that could be placed on an integrated circuit doubles approximately every two years while the production cost moves in the opposite direction. What is now called Moore's law was based on his observations about chip development from 1958 (the creation of the first integrated circuit) until 1965, and it explains why it now costs a few hundred dollars to purchase a laptop computer that has more power than the largest mainframe machines of just a few decades back.

Most important for you, 50-plus years of Moore's law has created exponential growth in the impact of technology to change your world and your work. And that change affects everything: globalization, economics, how wars are waged and fought, how work is accomplished, how we communicate, and our ability to keep up with everything that might affect our lives.

Connected financial markets didn't create the bad decisions that fueled the global financial meltdown and sovereign debt problems of 2008 to 2009. They simply allowed more banks in more countries to share and be harmed by the risks.

Social media didn't create the Arab Spring. It simply allowed people to more effectively organize and communicate their message.

Today's technology did not create terrorists or rebels. It simply removed any illusion from our psyche that any single place or people are safe.

WE LIVE IN AN OCEAN NOT A POND

The scariest change on the horizon is the one that you don't see coming until it hits you. There were people who saw the ability of technology to take the globalization of work to a new level just as there were those who saw the Great Recession and health care reform and computing in the cloud on the horizon.

What separates them from the rest of us is that we focus on the pond in which we live. They look for trends in the ocean.

An old French children's riddle is a great way to think about the realities of change today. It goes like this:

A pond has one lily pad in it today. The number of lily pads in the pond doubles every day, and on day 30 the pond is completely full. On what day is the pond half full of lily pads?

Day 29 is a convenient way to describe the overwhelming power of exponential growth demonstrated by Moore's law. But it misses an important point: The pond in the lily pad riddle is a fixed size. Day 30 assumes no more capacity and then you are done.

That's not the way it works when it comes to change today. You may feel like you are at day 29½, with a finite capacity for absorbing more change, but the rest of the world hasn't received or accepted that message. In the real world, the pond is really an ocean with unlimited capacity to expand.

Those who thrive in today's hyper-change environment see further and adapt quicker. The result is that they are more relevant to their customers, engaged in staying ahead of the change and nimble when placed in a position to react.

CHANGE LEADER ACTION LIST

All change creates moments of instability and anxiety. Substantial change that comes at you in waves can either make you bold or make you timid.

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Now is not the time to be timid. Timid companies don't anticipate the future. Timid people don't invest in themselves or take the actions that enable them to quickly adapt.

Here are three action items you can take to increase your opportunity to thrive in the midst of the new realities of change.

1. Focus on Value Given and Value Received

In uncertain financial times, investors run toward value. Your customers do the same thing. Your challenge is to add so much value that doing business with you takes away any anxiety or fear they may have. You must be crystal clear about the return on their investment you will deliver. How can you make it faster, better, cheaper, or friendlier?

This principle also applies to your career. Your employer will base decisions on the value you provide for the investment the company is making. If you aren't creating more value than the cost of keeping you, why should the company bother?

2. Strategically Invest in Your Future

The biggest threat most of us face is relevancy. People who purchase your product or service are asking, "Why you? Why now? What makes you relevant?"

Employers who are deciding to hire you or even keep you on the payroll are asking the same questions.

Now is the time to strategically invest in the areas that will make you successful five years from now while continuing to add value today. That could mean investing in a new product, service, or piece of equipment. Or it could mean learning a new skill. The best in every field of endeavor actively manage their futures. This is more important today than ever before.

3. Prepare for the Worst and Look for the Best

Long-term anxiety and instability breed a lack of confidence. And that lack of confidence closes our minds to opportunity.

The Great Depression of the 1930s saw the demise of many companies, but it also gave us companies such as Motorola, Texas Instruments, Hewlett-Packard, and Converse.

The same will be true of today. Fifty years from now, we'll look back on this time as the crucible that spawned legendary brands and businesses.

I'm a realist. There are a number of factors that affect your success. The only one you can control is what you do to see further and adapt faster than the other guy.