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# CREATING CONTAGIOUS COMMITMENT

Applying the Tipping Point to  
Organizational Change

2<sup>nd</sup> edition

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# Introduction

Nothing was ever achieved without enthusiasm.  
—Ralph Waldo Emerson

Some years ago, I asked the manager responsible for implementing ISO 9001 (a change initiative to establish quality management standards) at a high-tech company how the initiative was going. The company had made huge strides in documenting manufacturing processes, but they were bogged down in engineering. His response was, “It’s going fine ... except for the people.” The idea of a disembodied change, progressing perfectly but without involving the employees who were supposed to modify the way they work, is amusing. Yet strategies that focus on technical and other easily measurable aspects, such as announcement dates, hardware installation, or training schedules, while expecting magic metamorphoses in the people who are asked to use the new hardware and apply the training, are all too common.

The hard and messy fact is that organizations change only when the people in them change. An effort to modify and improve how work gets done in a company is successful only when people in the organization embrace the idea behind it, work in ways that it prescribes, experience the results, and spread their enthusiasm for it to others. If it doesn’t spread, it’s dead. Yet the life cycle of many organizational changes follows a similar—and all too familiar—

pattern. The business need is identified. To fill it, leaders marshal forces to implement a new initiative to improve the way work gets done. An executive and his<sup>1</sup> team weigh the options and identify the value proposition that the innovation can offer—and the dangers of not implementing it. Next comes delegation. Implementation is often assigned to a vice-president of Human Resources or Information Technology or another area without line responsibility. Then a project plan is developed, including budgets, milestones, and PERT charts. Perhaps people are hired or incentives are laid out or infrastructure is built or purchased. Too often the focus is on a big announcement followed by an internal marketing campaign that attempts to bring everyone on board. Information on the new initiative is disseminated using various media—including generic training, posters, web pages, mass emails, logo mugs, and so on.

Despite the media campaign, or maybe because of it, cynical comments about “program du jour” or “the emperor’s new clothes” persist in the hallways. Employees may demonstrate their apathy by nodding in agreement at the need, the plan, and the leaders, but sit firmly on their hands when it is time to take action. The project plan and the media campaign create a great deal of commotion, but time after time this is followed by a big fizzle. Despite the monetary investment, the media campaign, the skill and energy of the implementers, and the promise of competitive advantage, the company fails to realize the intended benefits from the initiative.

This story is repeated in company after company. In a 2006 McKinsey survey (Vinson *et al.*, “Organizing for Successful Change Management”) with over 1500 respondents worldwide, 6% characterized their change as “Completely successful” and 32% as “Mostly successful.” The authors say that success depends on creating a clear vision and engaging employees at all levels of the organization. A study published in 2008 by IBM Global Systems

(Jørgensen *et al.*, “Making Change Work”) reports that 41% of change projects they looked at were successful. Their research finds that success rests on clear sponsorship and engagement of the people expected to change.

In *Leading Change*, John Kotter estimates that 85% of companies fail to achieve needed transformations. He puts the onus for this lack of success on leaders failing to create a vision and an environment that leads people to do things differently. In “Why Do Employees Resist Change?” (published in the *Harvard Business Review*), Paul Strelbel reports that 50–80% of change initiatives in Fortune 1000 companies fail. He argues that this stems from employees not recognizing what is driving the initiative and the value it can bring to the business and to themselves. In another *Harvard Business Review* article, Larry Hirschhorn calls the success rate for organizational change “abysmal.” He urges leaders to be more holistic in their approach—guiding new initiatives while tapping into and creating employee commitment and making the most of executives’ limited time and attention. In *Managing Transitions*, William Bridges attributes the problem to failure to recognize that people need time to go through the psychological steps of giving up old ways before embracing new ones.

In an essay in *Leading at a Higher Level*, Patricia Zigarmi and her colleagues at The Ken Blanchard Companies articulate a list of predictable reasons that change projects fail. These include failing to surface employees’ concerns about the project and the future it will bring, and leaders confusing announcing a change with implementing it. Zigarmi and her colleagues articulate several strategies to address these concerns. Their central strategy is to expand employee involvement and influence. There is more on the Blanchard model in Appendix 1: “More on Models of Change” starting on page 159.

The high-tech firm described in the first paragraph was never able to extend their ISO 9001 success from manufacturing into their engineering departments. They invested in ISO process templates, hired auditors, and put a massive internal marketing campaign in place. Everyone was expected to attend the same half-day course, independent of their job or how ISO was going to affect it. Graduates of the half-day course received ISO 9001 decorated mouse pads and coffee mugs—still available at local garage sales. Few engineers or their direct managers saw the value of documented processes to themselves or to the quality of their product; some saw it as a threat to their creativity. Although the firm did achieve ISO certification, the success from it was short-lived. Without understanding or appreciating ISO, people documented processes but didn't feel a need to follow them. Ultimately ISO was reduced to a dreaded annual audit ritual. This undermined the company's previous success in manufacturing, because engineering processes inevitably affect manufacturing. The documented processes were in place, but without the corresponding change in people's attitudes, the ISO certification ultimately added little or no value to the company.

### **The Tipping Point Model of Change**

The core of this book is the Tipping Point model of change. Rooted in organizational theory and real-world practice and captured in an interactive computer simulation, it is designed to illustrate how organizations implement new and better ways of working to achieve real results. The Tipping Point model goes beyond traditional models in two powerful and unique ways: by leveraging lessons from public health and by applying systems thinking.

The Tipping Point model frames organizational change in terms of the spread of ideas. It is about engendering a word-of-mouth epidemic—a positive epidemic of innovation and improvement in

how the company does business. It brings out the importance of Advocates, who are people who not only accept and apply a change but who also demonstrate its value to others in the organization. It delineates the role that leadership plays in building a supportive environment by ensuring that everyone understands the case for change, modeling desired behaviors, and making sure that rewards and infrastructure are aligned with moving in the new direction. It shows how to use commitment from Advocates who are supported by leadership to take the necessary steps to leverage business opportunities.

System thinking enables the Tipping Point model to capture the essential dynamics of change. Systems thinking provides a well-defined language to think holistically, making it possible to go beyond the limits of trying to understand real-world problems by studying their components separately. It provides tools to step back and see the big picture, and overcome the fragmentation of thinking linearly. It captures the complex underlying structure of real-world systems by emphasizing interconnections and feedback loops. Systems thinking can help reveal why there are often delays between cause and effect. It also demonstrates the futility of seeking a single silver bullet to address any problem.

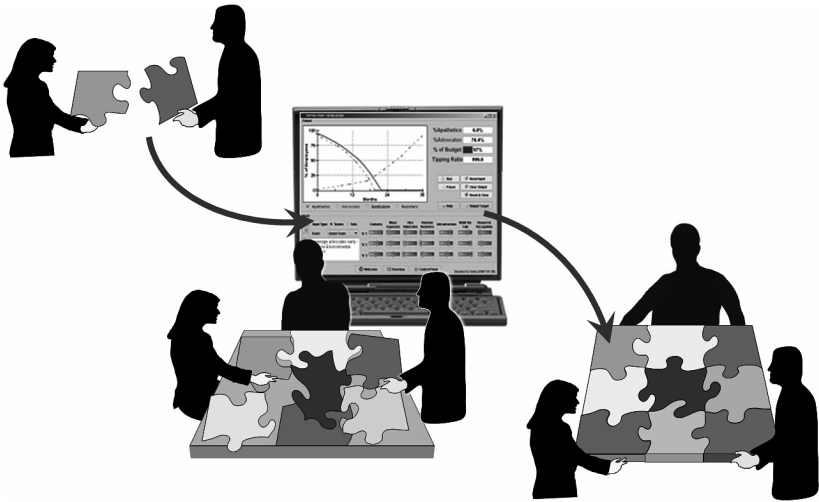
There are two fundamental constructs in the Tipping Point model: people's attitudes toward a change at a given time and levers of change. People's attitudes toward an organizational change effort reflect the value that they recognize in the change plus the support they see for it from their managers. A clear-cut, compelling effort with unambiguous support from management engages people. Levers of change are actions that leaders can take to engage people and help them gain confidence and enthusiasm for a new initiative. No single lever is a panacea. In fact, some should only be used with extreme caution. The real impact of the levers comes from how they *interact* with each other. All the levers need to be addressed or considered in the context of the corporate culture

and the nature of the change initiative. No prescription works for every initiative or for every organization. The Tipping Point model provides a framework to make better decisions about how and when to use the levers that can then be applied to different organizations and different improvement efforts.

The Tipping Point model has been captured in a computer simulation that brings it to life. Using the simulation in a structured workshop setting helps people see how the levers of change interact. It sparks new ideas about implementation and potential side effects of actions and decisions. According to Tony Sighe, who has delivered the workshop numerous times, and whose work to assess its effectiveness is described on page 99, “It works because the simulation creates a fun and competitive environment to encourage a full understanding of the levers.”

The simulation is not a decision-making or forecasting tool that gives the “right” answer. Rather it is more of an interactive illustration; combinations of tactics that are more likely to succeed in real changes give better results on the simulation. Experimenting with various strategies on the simulation in teams provides a focus for dialogue, for asking the right questions, and thinking deeply about deploying change. When used by teams to create a shared view, it leads to better, more robust implementation strategies for change initiatives. (See “A Focus for Dialogue Enhances Learning” on the following page.)

## A Focus for Dialogue Enhances Learning



The Tipping Point simulation is not an answer machine or a forecast tool. Rather it sparks dialogue and discussion in a low-risk workshop environment. Team members use the simulation to experience the interactions inherent in change. They try out implementation strategies in an atmosphere of friendly competition.

In workshops, team members often vigorously debate their strategies and discuss trade-offs and costs. Participants have been known to spontaneously stand up to cheer as their strategy unfolds in the simulation. Through this atmosphere of friendly competition, team members learn from each other and gain a shared view of change implementation.

The following account is from a digital wireless equipment manufacturing company that used the Tipping Point workshop when implementing a customer relationship management (CRM) system.<sup>2</sup> CRM entails methodologies and technologies to store and organize information about customers. This information makes it easier to build relationships with customers and to identify their needs. The firm implemented this CRM system during a very turbulent time. Due to market forces, it was reevaluating its product line. As a result of the reevaluation, the firm dropped two

mature products that had been bread-and-butter sources of revenue in favor of newer products that had much greater potential for growth. The new products were more complex, integrating several digital wireless services. The firm was developing new devices for the market, which included new networked hardware and software, at the same time that it was implementing a new CRM system for its internal needs.



### **The Tipping Point Simulation in a CRM Implementation**

*A rapidly expanding digital wireless equipment firm with five locations across North America was growing beyond its ability to give its customers the care they needed and expected. The firm had no databases for lead generation; rather, all salespeople tracked their own prospects. There was no way to leverage the information known to individual members of the sales force and use it to generate strategies for turning leads into customers or accurately forecast sales. An even bigger problem was the lack of connection between the sales force and what was happening at the other end of the process—in customer service. The firm could not tell if particular customers were having persistent problems that needed to be addressed or if a single problem was surfacing across several customers. Without a tracking mechanism, each problem appeared unique. This lack of information presented a problem for customer service and for sales, both of which could have used the information to better serve the customer. The firm decided to address this problem with a CRM system. The new CRM system would integrate their sales and customer service, enabling them to present a consistent, informed face to their customers.*

*As a high-tech firm at the leading edge of digital wireless, it is not surprising that they thought of the CRM implementation as a computer network and database project. Initially, they were very focused on the so-called hard-side areas—especially the CRM technology. However, the project sponsor recognized that the implementation team needed to broaden their idea of the CRM implementation—to realize that they were embarking on a large effort that impacted their employees. She had to make it clear*

*that the best CRM system was successful only to the extent that employees fully embraced it and exploited its capabilities.*

*The Tipping Point simulation helped give them the perspective on the CRM implementation that they needed. Representatives of customer service and sales, together with the project sponsor and the project manager, participated in a workshop that used the computer simulation. As teams vied with each other to create a better strategy to run on the simulation, they began a dialogue that included the people side of implementing CRM. They developed new ideas about implementing organizational change, which they shared as a team. They realized that their plan put too much emphasis on the technology. In the days that followed the workshop, they modified their implementation plan. Through the course of the implementation they used the new language and the common mental models gained from the Tipping Point workshop to keep them on track and to help them ask the right questions when they encountered problems.*

*It would be wonderful to report that this firm implemented their CRM system 100% on time and within budget. Actually, they were several months late but fairly close to budget. But by bringing the system online—with both sales and customer service data in one place and in use to improve their customer relations—this firm has joined an elite group. Their CRM system is part of the 15–50% of organizational change initiatives that end in success.*

I want to help you join this elite group—to successfully implement your organizational change initiatives by making them both contagious and sustainable. Whether your initiative is to improve quality, establish a business model that is environmentally responsible, or understand your customer better, this book provides a framework. It is general enough to be applied to many initiatives and many organizations and specific enough for action planning. You will find both theory and application examples throughout the book. Examples of applying the Tipping Point workshop are set off from the text as in the CRM example above. In addition, there are diagram boxes that summarize the topics covered, which

can be used to review the material. When you are done you will be ready to apply the Tipping Point model to your business.

Chapters 1 and 2 of this book provide background on change and organizational theory, public health concepts, and systems thinking. These two chapters also present the basic ideas behind the Tipping Point model, including examples and anecdotes that illustrate real-life applications of the Tipping Point workshop to a range of initiatives.<sup>2</sup> Chapters 3 and 4 develop the model in more detail and give several first-person narratives of its application by leaders in the public and private sectors. Chapter 5 focuses on putting the Tipping Point to work to improve change implementation. It includes an in-depth case study in which the computer simulation is leveraged in a quality initiative at a major corporation. The chapter ends with a checklist to help you assess your organization's readiness for a change initiative.

Some people want to thoroughly understand the motivating theory, and others want to delve immediately into the model and learn by applying it. The book is designed to help you do either. To understand the foundations, continue reading from here. To go immediately to the model, either skip directly to Chapter 3: "Making Change Contagious" or simply review the diagram boxes in Chapters 1 and 2 to get a sense of what the chapters cover. You can go back to read Chapters 1 and 2 after you have a better understanding of the model, or even after you have applied it to your own business and experienced the results.