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Change Through Persuasion

by David A. Garvin and Michael A. Roberto

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Change Through Persuasion

The Idea in Brief

When a company is teetering on the brink of ruin, most turnaround leaders revamp strategy, shift around staff, and root out inefficiencies. Then they wait patiently for the payoff—only to suffer bitter disappointment as the expected improvements fail to materialize.

How to make change stick? Conduct a four-stage persuasion campaign: 1) Prepare your organization's cultural "soil" months before setting your turnaround plan in concrete—by convincing employees that your company can survive only through radical change. 2) Present your plan—explaining in detail its purpose and expected impact. 3) After executing the plan, manage employees' emotions by acknowledging the pain of change—while keeping people focused on the hard work ahead. 4) As the turnaround starts generating results, reinforce desired behavioral changes to prevent backsliding.

Using this four-part process, the CEO of Beth Israel Deaconess Medical Center (BIDMC) brought the failing hospital back from near-certain death. Hemorrhaging \$58 million in losses in 2001, BIDMC reported a \$37.4 million net gain from operations in 2004. Revenues rose, while costs shrank. Morale soared—as reflected by a drop in nursing turnover from between 15% and 16% in 2002 to just 3% by 2004.

The Idea in Practice

Use these steps to persuade your workforce to embrace and execute needed change:

SET THE STAGE FOR ACCEPTANCE

Develop a bold message that provides compelling reasons to do things differently.

► Example:

On his first day as Beth Israel Deaconess Medical Center's CEO, Paul Levy publicized the possibility that BIDMC would be sold to a for-profit institution. He delivered an all-hands-on-deck e-mail to the staff citing the hospital's achievements while confirming that the threat of sale was real. The e-mail also signaled actions he would take, including layoffs, and described his open management style (hallway chats, lunches with staff). In addition, Levy circulated a third-party, warts-and-all report on BIDMC's plight on the hospital's intranet—so staff could no longer claim ignorance.

FRAME THE TURNAROUND PLAN

Present your turnaround plan in a way that helps people interpret your ideas correctly.

► Example:

Levy augmented his several-hundred-page plan with an e-mail that evoked BIDMC's mission and uncompromising values and reaffirmed the importance of remaining an academic medical center. He provided further details about the plan, emphasizing needed tough measures based on the third-party report. He also explained past plans' deficiencies, contrasting earlier efforts' top-down methods with his plan's collaborative approach. Employees thus felt the plan belonged to them.

MANAGE THE MOOD

Strike the right notes of optimism and realism to make employees feel cared for while also keeping them focused on your plan's execution.

► Example:

Levy acknowledged the pain of layoffs, then urged employees to look forward to "[setting] an example for what a unique academic medical center like ours means for this region." He also issued progress updates while reminding people that BIDMC still needed to control costs. As financial performance picked up, he lavishly praised the staff.

PREVENT BACKSLIDING

Provide opportunities for employees to practice desired behaviors repeatedly. If necessary, publicly criticize disruptive, divisive behaviors.

► Example:

Levy had established meeting rules requiring staff to state their objections to decisions and to "disagree without being disagreeable." When one medical chief e-mailed Levy complaining about a decision made during a meeting—and copied the other chiefs and board chairman—Levy took action. He responded with an e-mail to the same audience, publicly reprimanding the chief for his tone, lack of civility, and failure to follow the rule about speaking up during meetings.

Leaders can make change happen only if they have a coherent strategy for persuasion. The impressive turnaround at a world-renowned teaching hospital shows how to plan a change campaign—and carry it out.

Change Through Persuasion

by David A. Garvin and Michael A. Roberto

Faced with the need for massive change, most managers respond predictably. They revamp the organization's strategy, then round up the usual set of suspects—people, pay, and processes—shifting around staff, realigning incentives, and rooting out inefficiencies. They then wait patiently for performance to improve, only to be bitterly disappointed. For some reason, the right things still don't happen.

Why is change so hard? First of all, most people are reluctant to alter their habits. What worked in the past is good enough; in the absence of a dire threat, employees will keep doing what they've always done. And when an organization has had a succession of leaders, resistance to change is even stronger. A legacy of disappointment and distrust creates an environment in which employees automatically condemn the next turnaround champion to failure, assuming that he or she is "just like all the others." Calls for sacrifice and self-discipline are met with cynicism, skepticism, and knee-jerk resistance.

Our research into organizational transfor-

mation has involved settings as diverse as multinational corporations, government agencies, nonprofits, and high-performing teams like mountaineering expeditions and firefighting crews. We've found that for change to stick, leaders must design and run an effective persuasion campaign—one that begins weeks or months before the actual turnaround plan is set in concrete. Managers must perform significant work up front to ensure that employees will actually listen to tough messages, question old assumptions, and consider new ways of working. This means taking a series of deliberate but subtle steps to recast employees' prevailing views and create a new context for action. Such a shaping process must be actively managed during the first few months of a turnaround, when uncertainty is high and setbacks are inevitable. Otherwise, there is little hope for sustained improvement.

Like a political campaign, a persuasion campaign is largely one of differentiation from the past. To the typical change-averse employee, all restructuring plans look alike. The trick for

turnaround leaders is to show employees precisely how their plans differ from their predecessors'. They must convince people that the organization is truly on its deathbed—or, at the very least, that radical changes are required if it is to survive and thrive. (This is a particularly difficult challenge when years of persistent problems have been accompanied by few changes in the status quo.) Turnaround leaders must also gain trust by demonstrating through word and deed that they are the right leaders for the job and must convince employees that theirs is the correct plan for moving forward.

Accomplishing all this calls for a four-part communications strategy. Prior to announcing a policy or issuing a set of instructions, leaders need to set the stage for acceptance. At the time of delivery, they must create the frame through which information and messages are interpreted. As time passes, they must manage the mood so that employees' emotional states support implementation and follow-through. And at critical intervals, they must provide reinforcement to ensure that the desired changes take hold without backsliding.

In this article, we describe this process in more detail, drawing on the example of the turnaround of Beth Israel Deaconess Medical Center (BIDMC) in Boston. Paul Levy, who became CEO in early 2002, managed to bring the failing hospital back from the brink of ruin. We had ringside seats during the first six months of the turnaround. Levy agreed to hold videotaped interviews with us every two to four weeks during that period as we prepared a case study describing his efforts. He also gave us access to his daily calendar, as well as to assorted e-mail correspondence and internal memorandums and reports. From this wealth of data, we were able to track the change process as it unfolded, without the usual biases and distortions that come from 20/20 hindsight. The story of how Levy tilled the soil for change provides lessons for any CEO in a turnaround situation.

Setting the Stage

Paul Levy was an unlikely candidate to run BIDMC. He was not a doctor and had never managed a hospital, though he had previously served as the executive dean for administration at Harvard Medical School. His claim to fame was his role as the architect of the Bos-

ton Harbor Cleanup, a multibillion-dollar pollution-control project that he had led several years earlier. (Based on this experience, Levy identified a common yet insidiously destructive organizational dynamic that causes dedicated teams to operate in counterproductive ways, which he described in "The Nut Island Effect: When Good Teams Go Wrong," March 2001.) Six years after completing the Boston Harbor project, Levy approached the BIDMC board and applied for the job of cleaning up the troubled hospital.

Despite his lack of hospital management experience, Levy was appealing to the board. The Boston Harbor Cleanup was a difficult, highly visible change effort that required deft political and managerial skills. Levy had stood firm in the face of tough negotiations and often-heated public resistance and had instilled accountability in city and state agencies. He was also a known quantity to the board, having served on a BIDMC steering committee formed by the board chairman in 2001.

Levy saw the prospective job as one of public service. BIDMC was the product of a difficult 1996 merger between two hospitals—Beth Israel and Deaconess—each of which had distinguished reputations, several best-in-the-world departments and specializations, and deeply devoted staffs. The problems began after the merger. A misguided focus on clinical practice rather than backroom integration, a failure to cut costs, and the repeated inability to execute plans and adapt to changing conditions in the health care marketplace all contributed to BIDMC's dismal performance.

By the time the board settled on Levy, affairs at BIDMC had reached the nadir. The hospital was losing \$50 million a year. Relations between the administration and medical staff were strained, as were those between management and the board of directors. Employees felt demoralized, having witnessed the rapid decline in their institution's once-legendary status and the disappointing failure of its past leaders. A critical study was conducted by the Hunter Group, a leading health-care consulting firm. The report, detailing the dire conditions at the hospital and the changes needed to turn things around, had been completed but not yet released. Meanwhile, the state attorney general, who was responsible for overseeing charitable trusts, had put pressure on the board to sell the failing BIDMC to a

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for-profit institution.

Like many CEOs recruited to fix a difficult situation, Levy's first task was to gain a mandate for the changes ahead. He also recognized that crucial negotiations were best conducted before he took the job, when his leverage was greatest, rather than after taking the reins. In particular, he moved to secure the cooperation of the hospital board by flatly stating his conditions for employment. He told the directors, for example, that should they hire him, they could no longer interfere in day-to-day management decisions. In his second and third meetings with the board's search committee, Levy laid out his timetable and intentions. He insisted that the board decide on his appointment quickly so that he could be on the job before the release of the Hunter report. He told the committee that he intended to push for a smaller, more effective group of directors. Though the conditions were somewhat unusual, the board was convinced that Levy had the experience to lead a successful turnaround, and they accepted his terms. Levy went to work on January 7, 2002.

The next task was to set the stage with the

hospital staff. Levy was convinced that the employees, hungry for a turnaround, would do their best to cooperate with him if he could emulate and embody the core values of the hospital culture, rather than impose his personal values. He chose to act as the managerial equivalent of a good doctor—that is, as one who, in dealing with a very ill patient, delivers both the bad news and the chances of success honestly and imparts a realistic sense of hope, without sugar coating.

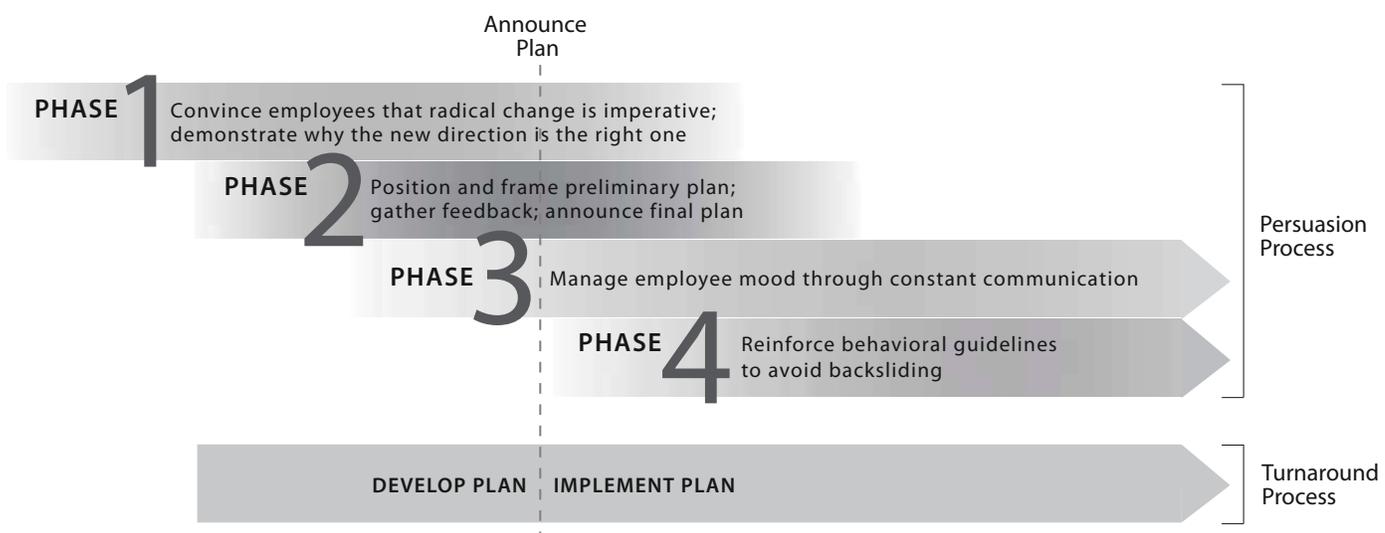
Like any leader facing a turnaround, Levy also knew he had to develop a bold message that provided compelling reasons to do things differently and then cast that message in capital letters to signal the arrival of a new order. To give his message teeth, he linked it to an implicit threat. Taking his cue from his private discussions with the state attorney general, whom he had persuaded to keep the hospital open for the time being, Levy chose to publicize the very real possibility the hospital would be sold. While he realized he risked frightening the staff and the patients with this bad news, he believed that a strong wake-up call was necessary to get employees to face up to the situation.

The Four Phases of a Persuasion Campaign

A typical turnaround process consists of two stark phases: plan development, followed by an implementation that may or may not be welcomed by the organization. For the turnaround plan to be widely accepted and

adopted, however, the CEO must develop a separate persuasion campaign, the goal of which is to create a continuously receptive environment for change. The campaign begins well before the CEO's first day on the

job—or, if the CEO is long established, well before formal development work begins—and continues long after the final plan is announced.



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Like a political campaign, a persuasion campaign is largely one of differentiation from the past.

During his first morning on the job, Levy delivered an all-hands-on-deck e-mail to the staff. The memo contained four broad messages. It opened with the good news, pointing out that the organization had much to be proud of (“This is a wonderful institution, representing the very best in academic medicine: exemplary patient care, extraordinary research, and fine teaching”). Second, Levy noted that the threat of sale was real (“This is our last chance”). Third, he signaled the kinds of actions employees could expect him to take (“There will be a reduction in staff”). And finally, he described the open management style he would adopt. He would manage by walking around—lunching with staff in the cafeteria, having impromptu conversations in the hallways, talking with employees at every opportunity to discover their concerns. He would communicate directly with employees through e-mail rather than through intermediaries. He also noted that the Hunter report would be posted on the hospital intranet, where all employees would have the opportunity to review its recommendations and submit comments for the final turnaround plan. The direct, open tone of the e-mail memo signaled exactly how Levy’s management style would differ from that of his predecessors.

In the afternoon, he disclosed BIDMC’s situation in interviews with the *Boston Globe* and the *Boston Herald*, the city’s two major newspapers. He told reporters the same thing he had told the hospital’s employees: that, in the absence of a turnaround, the hospital would be sold to a for-profit chain and would therefore lose its status as a Harvard teaching hospital. Staving off a sale would require tough measures, including the laying off of anywhere from 500 to 700 employees. Levy insisted that there would be no nursing layoffs, in keeping with the hospital’s core values of high-quality patient care. The newspaper reports, together with the memo circulated that morning, served to immediately reset employee expectations while dramatically increasing staff cooperation and willingness to accept whatever new initiatives might prove necessary to the hospital’s survival.

Two days later, the critical Hunter report came out and was circulated via the hospital’s intranet. Because the report had been produced by an objective third party, employees were open to its unvarnished, warts-and-all view of the hospital’s current predicament.

The facts were stark, and the staff could no longer claim ignorance. Levy received, and personally responded to, more than 300 e-mail suggestions for improvement in response to the report, many of which he later included in the turnaround plan.

Creating the Frame

Once the stage has been set for acceptance, effective leaders need to help employees interpret proposals for change. Complex plans can be interpreted in any number of ways; not all of them ensure acceptance and favorable outcomes. Skilled leaders therefore use “frames” to provide context and shape perspective for new proposals and plans. By framing the issues, leaders help people digest ideas in particular ways. A frame can take many forms: It can be a companywide presentation that prepares employees before an unexpected change, for example, or a radio interview that provides context following an unsettling layoff.

Levy used one particularly effective framing device to help employees interpret a preliminary draft of the turnaround plan. This device took the form of a detailed e-mail memo accompanying the dense, several-hundred-page plan. The memo explained, in considerable detail, the plan’s purpose and expected impact.

The first section of the memo sought to mollify critics and reduce the fears of doctors and nurses. Its tone was positive and uplifting; it discussed BIDMC’s mission, strategy, and uncompromising values, emphasizing the hospital’s “warm, caring environment.” This section of the letter also reaffirmed the importance of remaining an academic medical center, as well as reminding employees of their shared mission and ideals. The second part of the letter told employees what to expect, providing further details about the turnaround plan. It emphasized that tough measures and goals would be required but noted that the specific recommendations were based, for the most part, on the advice in the Hunter report, which employees had already reviewed. The message to employees was, “You’ve already seen and endorsed the Hunter report. There are no future surprises.”

The third part of the letter anticipated and responded to prospective concerns; this had the effect of circumventing objections. This section explicitly diagnosed past plans and explained their deficiencies, which were largely

due to their having been imposed top-down, with little employee ownership, buy-in, or discussion. Levy then offered a direct interpretation of what had gone wrong. Past plans, he said, had underestimated the size of the financial problem, set unrealistic expectations for new revenue growth, and failed to test implementation proposals. This section of the letter also drove home the need for change at a deeper, more visceral level than employees had experienced in the past. It emphasized that this plan was a far more collective effort than past proposals had been, because it incorporated many employee suggestions.

By framing the turnaround proposal this way, Levy accomplished two things. First, he was able to convince employees that the plan belonged to them. Second, the letter served as the basis for an ongoing communication platform. Levy reiterated its points at every opportunity—not only with employees but also in public meetings and in discussions with the press.

Managing the Mood

Turnarounds are depressing events, especially when they involve restructuring and downsizing. Relationships are disrupted, friends move on, and jobs disappear. In such settings, managing the mood of the organization becomes an essential leadership skill. Leaders must pay close attention to employees' emotions—the ebb and flow of their feelings and moods—and work hard to preserve a receptive climate for change. Often, this requires a delicate balancing act between presenting good and bad news in just the right proportion. Employees need to feel that their sacrifices have not been in vain and that their accomplishments have been recognized and rewarded. At the same time, they must be reminded that complacency is not an option. The communication challenge is daunting. One must strike the right notes of optimism and realism and carefully calibrate the timing, tone, and positioning of every message.

Paul Levy's challenge was threefold: to give remaining employees time to grieve and recover from layoffs and other difficult measures; to make them feel that he cared for and supported them; and to ensure that the turnaround plan proceeded apace. The process depended on mutual trust and employees' desire to succeed. "I had to calibrate the push and pull

of congratulations and pressure, but I also depended on the staff's underlying value system and sense of mission," he said. "They were highly motivated, caring individuals who had stuck with the place through five years of hell. They wanted to do good."

The first step was to acknowledge employees' feelings of depression while helping them look to the future. Immediately after the first round of layoffs, people were feeling listless and dejected; Levy knew that releasing the final version of the turnaround plan too soon after the layoffs could be seen as cold. In an e-mail he sent to all employees a few days later, Levy explicitly empathized with employees' feelings ("This week is a sad one...it is hard for those of us remaining...offices are emptier than usual"). He then urged employees to look forward and concluded on a strongly optimistic note ("...our target is not just survival: It is to thrive and set an example for what a unique academic medical center like ours means for this region"). His upbeat words were reinforced by a piece of good luck that weekend when the underdog New England Patriots won their first Super Bowl championship in dramatic fashion in the last 90 seconds of the game. When Levy returned to work the following Monday, employees were saying, "If the Patriots can do it, we can, too."

The next task was to keep employees focused on the continuing hard work ahead. On April 12, two months into the restructuring process, Levy sent out a "Frequently Asked Questions" e-mail giving a generally favorable view of progress to date. At the same time, he spoke plainly about the need to control costs and reminded employees that merit pay increases would remain on hold. This was hardly the rosy picture that most employees were hoping for, of course. But Levy believed sufficient time had passed that employees could accommodate a more realistic and tough tone on his part.

A month later, everything changed. Operational improvements that were put in place during the first phase of the turnaround had begun to take hold. Financial performance was well ahead of budget, with the best results since the merger. In another e-mail, Levy praised employees lavishly. He also convened a series of open question-and-answer forums, where employees heard more details about the hospital's tangible progress and received kudos for their accomplishments.

Dysfunctional Routines

Six Ways to Stop Change in Its Tracks

Just as people are creatures of habit, organizations thrive on routines. Management teams, for example, routinely cut budgets after performance deviates from plan. Routines—predictable, virtually automatic behaviors—are unstated, self-reinforcing, and remarkably resilient. Because they lead to more efficient cognitive processing, they are, for the most part, functional

and highly desirable.

Dysfunctional routines, by contrast, are barriers to action and change. Some are outdated behaviors that were appropriate once but are now unhelpful. Others manifest themselves in knee-jerk reactions, passivity, unproductive foot-dragging, and, sometimes, active resistance.

Dysfunctional routines are persistent, but they are not unchangeable. Novelty—the perception that current

circumstances are truly different from those that previously prevailed—is one of the most potent forces for dislodging routines. To overcome them, leaders must clearly signal that the context has changed. They must work directly with employees to recognize and publicly examine dysfunctional routines and substitute desired behaviors.

A culture of “no.”

In organizations dominated by cynics and critics, there is always a good reason not to do something. Piling on criticism is an easy way to avoid taking risks and claim false superiority. Lou Gerstner gets credit for naming this routine, which he found on his arrival at IBM, but it is common in many organizations. Another CEO described her team’s response to new initiatives by likening it to a skeet shoot: “Someone would yell, ‘Pull!’ there would be a deafening blast, and the idea would be in pieces on the ground.” This routine has two sources: a culture that overvalues criticism and analysis, and complex decision-making processes requiring multiple approvals, in which anybody can say “no” but nobody can say “yes.” It is especially likely in organizations that are divided into large subunits or segments, led by local leaders with great power who are often unwilling to comply with directives from above.

The dog and pony show must go on.

Some organizations put so much weight on process that they confuse ends and means, form and content. How you present a proposal becomes more important than what you propose. Managers construct presentations carefully and devote large amounts of time to obtaining sign-offs. The result is death by PowerPoint. Despite the appearance of progress, there’s little real headway.

The grass is always greener.

To avoid facing challenges in their core business, some managers look to new products, new services, and new lines of business. At times, such diversification is healthy. But all too often these efforts are merely an avoidance tactic that keeps tough problems at arm’s length.

After the meeting ends, debate begins.

This routine is often hard to spot because so much of it takes place under cover. Cordial, apparently cooperative meetings are followed by resistance. Sometimes, resisters are covert; often, they end-run established forums entirely and take their concerns directly to the top. The result? Politics triumphs over substance, staff meetings become empty rituals, and meddling becomes the norm.

Ready, aim, aim...

Here, the problem is the organization’s inability to settle on a definitive course of action. Staff members generate a continual stream of proposals and reports; managers repeatedly tinker with each one, fine-tuning their choices without ever making a final decision. Often called “analysis paralysis,” this pattern is common in perfectionist cultures where mistakes are career threatening and people who rock the boat drown.

This too shall pass.

In organizations where prior leaders repeatedly proclaimed a state of crisis but then made few substantive changes, employees tend to be jaded. In such situations, they develop a heads-down, bunker mentality and a reluctance to respond to management directives. Most believe that the wisest course of action is to ignore new initiatives, work around them, or wait things out.

Reinforcing Good Habits

Without a doubt, the toughest challenge faced by leaders during a turnaround is to avoid backsliding into dysfunctional routines—habitual patterns of negative behavior by individuals and groups that are triggered automatically and unconsciously by familiar circumstances or stimuli. (For more on how such disruptive patterns work, see the sidebar “Dysfunctional Routines: Six Ways to Stop Change in Its Tracks.”) Employees need help maintaining new behaviors, especially when their old ways of working are deeply ingrained and destructive. Effective change leaders provide opportunities for employees to practice desired behaviors repeatedly, while personally modeling new ways of working and providing coaching and support.

In our studies of successful turnarounds, we’ve found that effective leaders explicitly reinforce organizational values on a constant basis, using actions to back up their words. Their goal is to change behavior, not just ways of thinking. For example, a leader can talk about values such as openness, tolerance, civility, teamwork, delegation, and direct communication in meetings and e-mails. But the message takes hold only if he or she also signals a dislike of disruptive, divisive behaviors by pointedly—and, if necessary, publicly—criticizing them.

At Beth Israel Deaconess Medical Center, the chiefs of medicine, surgery, orthopedics, and other key functions presented Levy with special behavioral challenges, particularly because he was not a doctor. Each medical chief was in essence a “mini-dean,” the head of a largely self-contained department with its own faculty, staff, and resources. As academic researchers, they were rewarded primarily for individual achievement. They had limited experience solving business or management problems.

In dealing with the chiefs, Levy chose an approach that blended with a strong dose of discipline with real-time, public reinforcement. He developed guidelines for behavior and insisted that everyone in the hospital measure up to them. In one of his earliest meetings with the chiefs, Levy presented a simple set of “meeting rules,” including such chestnuts as “state your objections” and “disagree without being disagreeable,” and led a discussion about them, demonstrating the desired behaviors through his own leadership of the meeting. The pur-

pose of these rules was to introduce new standards of interpersonal behavior and, in the process, to combat several dysfunctional routines.

One serious test of Levy’s ability to reinforce these norms came a month and a half after he was named CEO. After a staff meeting at which all the department chairs were present, one chief—who had remained silent—sent an e-mail to Levy complaining about a decision made during the meeting. The e-mail copied the other chiefs as well as the chairman of the board. Many CEOs would choose to criticize such behavior privately. But Levy responded in an e-mail to the same audience, publicly denouncing the chief for his tone, his lack of civility, and his failure to speak up earlier in the process, as required by the new meeting rules. It was as close to a public hanging as anyone could get. Several of the chiefs privately expressed their support to Levy; they too had been offended by their peer’s presumptuousness. More broadly, the open criticism served to powerfully reinforce new norms while curbing disruptive behavior.

Even as they must set expectations and reinforce behaviors, effective change leaders also recognize that many employees simply do not know how to make decisions as a group or work cooperatively. By delegating critical decisions and responsibilities, a leader can provide employees with ample opportunities to practice new ways of working; in such cases, employees’ performance should be evaluated as much on their adherence to the new standards and processes as on their substantive choices. In this spirit, Levy chose to think of himself primarily as a kind of appeals court judge. When employees came to him seeking his intervention on an issue or situation, he explained, he would “review the process used by the ‘lower court’ to determine if it followed the rules. If so, the decision stands.” He did not review cases de novo and substitute his judgment for that of the individual department or unit. He insisted that employees work through difficult issues themselves, even when they were not so inclined, rather than rely on him to tell them what to do. At other times, he intervened personally and coached employees when they lacked basic skills. When two members of his staff disagreed on a proposed course of action, Levy triggered an open, emotional debate, then worked with the participants and their

bosses behind the scenes to resolve the differences. At the next staff meeting, he praised the participants' willingness to disagree publicly, reemphasizing that vigorous debate was healthy and desirable and that confrontation was not to be avoided. In this way, employees gained experience in working through their problems on their own.

Performance, of course, is the ultimate measure of a successful turnaround. On that score, BIDMC has done exceedingly well since Levy took the helm. The original restructuring plan called for a three-year improvement process, moving from a \$58 million loss in 2001 to breakeven in 2004. At the end of the 2004 fiscal year, performance was far ahead of plan, with the hospital reporting a \$37.4 million net gain from operations. Revenues were up, while costs were sharply reduced. Decision making was now crisper and more responsive, even though there was little change in the hospital's senior staff or medical leadership. Morale, not surprisingly, was up as well. To take just one indicator, annual nursing turnover, which was 15% to 16% when Levy became CEO, had dropped to 3% by mid-2004. Pleased with the hospital's performance, the board signed Levy to a new three-year contract.

Heads, Hearts, and Hands

It's clear that the key to Paul Levy's success at Beth Israel Deaconess Medical Center is that he understood the importance of making sure the cultural soil had been made ready before planting the seeds of change. In a receptive environment, employees not only understand why change is necessary; they're also emotionally committed to making it happen, and they faithfully execute the required steps.

On a cognitive level, employees in receptive environments are better able to let go of competing, unsubstantiated views of the nature and extent of the problems facing their organizations. They hold the same, objective views of

the causes of poor performance. They acknowledge the seriousness of current financial, operational, and marketplace difficulties. And they take responsibility for their own contributions to those problems. Such a shared, fact-based diagnosis is crucial for moving forward.

On an emotional level, employees in receptive environments identify with the organization and its values and are committed to its continued existence. They believe that the organization stands for something more than profitability, market share, or stock performance and is therefore worth saving. Equally important, they trust the leader, believing that he or she shares their values and will fight to preserve them. Leaders earn considerable latitude from employees—and their proposals usually get the benefit of the doubt—when their hearts are thought to be in the right place.

Workers in such environments also have physical, hands-on experience with the new behaviors expected of them. They have seen the coming changes up close and understand what they are getting into. In such an atmosphere where it's acceptable for employees to wrestle with decisions on their own and practice unfamiliar ways of working, a leader can successfully allay irrational fears and undercut the myths that so often accompany major change efforts.

There is a powerful lesson in all this for leaders. To create a receptive environment, persuasion is the ultimate tool. Persuasion promotes understanding; understanding breeds acceptance; acceptance leads to action. Without persuasion, even the best of turnaround plans will fail to take root.

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Further Reading

ARTICLES

[Campaigning for Change](#)

by Larry Hirschhorn

Harvard Business Review

July 2002

Product no. 1385

Hirschhorn suggests additional strategies for launching an effective persuasion campaign. He advocates three distinct—but linked—campaigns: 1) **Political:** Forge alliances with zealots at first, then with consensus builders as the change initiative unfolds. Eliminate bureaucracy layers and alter work processes to give employees ownership of the change. 2) **Marketing:** Sell your initiative's benefits by spreading effective new practices throughout your company and asking change-ready employees to spread the word about the initiative. 3) **Military:** Overcome resistance by building on insurgent initiatives and the passions feeding them. Establish beachheads to spur innovation, then loop the resulting learning back into your organization.

[Leading Change: Why Transformation Efforts Fail](#)

by John P. Kotter

Harvard Business Review

February 2000

Product no. 4231

Kotter affirms the importance of establishing a sense of urgency while leading change and offers additional guidelines for orchestrating a successful change process. Key actions include forming a guiding coalition to work as a change-leadership team outside the normal hierarchy, creating and communicating a compelling vision of where the change will take your company, and empowering employees to act on the vision. Additional strategies include generating and capitalizing on short-term successes, consolidating improvements to produce still more change, and institutionalizing new approaches and behaviors by, for example, promoting people into leadership positions who personify the new ways.

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