Considerations on the Ability to Achieve Change

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Given the recent bewildering changes to the external environment, many companies have increasingly been finding themselves in situations where they must undertake major corporate change to significantly transform their strategies, systems/mechanisms, business processes, mindsets or the like, rather than adopting a reform-type approach whereby the way of doing things in the past was improved.

To be successful in change efforts, a company is required to overcome the inhibiting factors of "wholesale delegation" and "superficial compliance," which are prevalent within the company, thereby increasing the suitability of actions taken for the implementation of change. For this purpose, three types of skills must be enhanced. They are: skills to give detailed instructions, skills to involve many people and collaborative skills.

An effective way to enhance these types of skills is to acknowledge the concepts of "master schedule" and "barriers." In addition to the phase of implementing change projects, the master schedule includes a series of processes from planning, implementation to institutionalization. During these processes, the barriers that must be surmounted appear. By predicting the appearance of these barriers, specific solutions can be developed beforehand.

The master schedule and barriers that must be assumed depend on the type of change. Therefore, the first step toward success is to identify the type of change that is to be pursued.

Most change efforts made by Japanese companies come under the "good to great" type where a person promoted to a leadership position within a company leads change. Because this type of change must go through all processes assumed for the master schedule and encounters many barriers, attaining success requires careful preparations and a bold commitment to implementation.

I A Need for "The Ability to Achieve Change"

1 "The ability to achieve change" is a basic skill required of executives

Many companies have recently been undertaking major "corporate change" (change) whereby their strategies, systems/mechanisms, business processes or mindsets are largely transformed.

In September 2013, Nomura Research Institute conducted a questionnaire survey of the middle managers of listed companies. This survey revealed that more than half of the respondents answered either "think so" or "somewhat think so" to the question, "Do you think that the company at which you work is currently undertaking large-scale reforms (company-wide activities by going beyond organizational borders; structural reforms whereby mechanisms for business operations and management are largely reviewed)?" (Figure 1). Because individuals, rather than companies, were surveyed, it may not be appropriate to assume that the survey results accurately reflect the activities that companies have actually been undertaking. Nevertheless, the findings suggest that it has become quite common for companies to work toward changing something within their structure and/or operations.

In this paper, the term "change," rather than "reform," is used purposely. This is because many companies currently adopt the approach for which the term "change" is more suitable than reform. Rather than a reform-type approach whereby the way of doing things in the past was improved, many companies are now adopting one in which "strategies, systems/mechanisms, business processes, mindsets and the like are drastically reviewed."

For example, in FY 2011, the Hitachi Group launched a new strategy called "Hitachi Smart Transformation Project (HSTP)." In the past, the Hitachi Group had undertaken reforms such as transferring its mobile terminal business and selling its liquid-crystal display business and hard disk drive business. However, the primary objective of these reforms was to restore the previous levels of profitability that had been declining by improving each one of the issues in the area of business experiencing falling profitability.
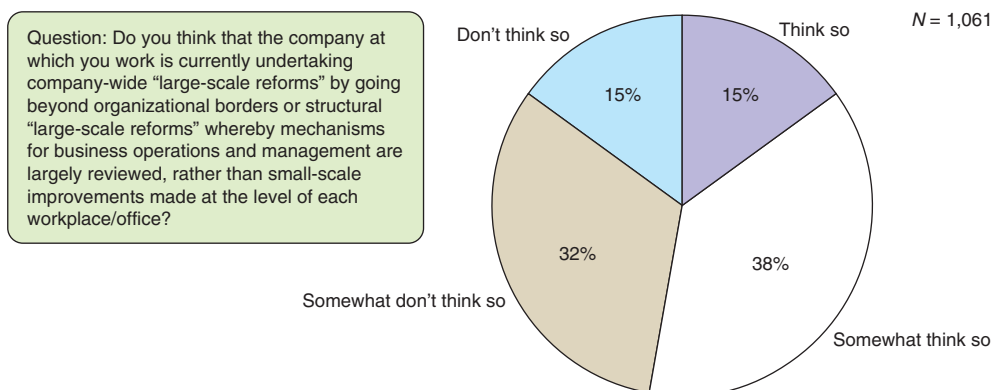
In contrast, the HSTP initiative pursues new and novel goals that go far beyond any goals pursued by the Hitachi Group in the past in terms of both methodology and scope. Because its competitors such as General Electric Company (GE) and Siemens have achieved a 10-percent operating profit margin, the Hitachi Group shares the recognition that "We cannot compete in the global market if we cannot achieve an operating profit margin in excess of 10 percent. To compete in the global market, we must radically transform cost structure, rather than simply reducing costs."

In 2012, Panasonic Corporation undertook the reform of its headquarters. This reform aimed at largely transforming the conventional concept of its headquarters functions. According to news reports, the company reduced the number of employees working at its headquarters, which was about 7,000 before reform, to about 150 by limiting the headquarters functions to a necessary minimum.

These activities are clearly different from those undertaken by other companies to reform their headquarters. Specifically, Panasonic radically reconsidered the role of its headquarters and redefined it as "the functions that support business growth." Specific measures to this end include total "visualization" of business units and putting business units under direct control of the headquarters. While the company intends to retain shared functions such as accounting and personnel management as well as research and development functions, which have been part of the headquarters functions in the past, other organizations will be responsible for these functions.

As such, Japan's representative companies are significantly changing their way of doing business in pursuit of sustainable growth. Rather than following the traditional

Figure 1. Activities toward major change

Question: Do you think that the company at which you work is currently undertaking company-wide "large-scale reforms" by going beyond organizational borders or structural "large-scale reforms" whereby mechanisms for business operations and management are largely reviewed, rather than small-scale improvements made at the level of each workplace/office?

N = 1,061

Don't think so 15%
Think so 15%
Somewhat think so 38%
Somewhat don't think so 32%

Source: "Questionnaire Survey Related to Corporate Change" conducted by Nomura Research Institute in September 2013.

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business pattern, these efforts aim to thoroughly change the mindsets of executives and employees, organizations and the way of doing business so as to achieve new growth. The activities toward change are not special activities undertaken by specific companies. Rather, it is not too much to say that "the ability to achieve change," that is, the ability to plan and implement change, has become essential for a company to achieve sustainable growth.

2 Change attributes present growing difficulties

(1) Factors constituting the need for change

The author believes that two factors lie behind the increase in the number of companies embarking on change.

The first factor is that the frequency of significant changes in the external environment has become greater than ever before. Examples include the Japanese domestic market that has become mature, Asian and European financial crises, the collapse of Lehman Brothers and the rise of China and its recent slowdown of growth. These environmental changes are large enough to express them as occurring every ten years or every 100 years. In any event, these changes have taken place in the last 20 years.

If an environment changes, strategy must change. If strategy changes, business activities and mindsets must also change. Bewildering changes to the external environment force companies to shift their business management style from management based on stability to management assuming change.

The second factor involves the trend in which given the economic turnaround after the autumn of 2012, many business executives put an end to the backward-looking approach that they had taken since the collapse of Lehman Brothers, and began to pursue a way towards sweeping change. As is clear from the cases of the Hitachi Group and Panasonic, which were described in Section 1, backward-looking approaches that many companies had adopted in the past were necessary, but these approaches simply contributed to "turning negative numbers to zero." With such an approach, companies were unable to reach a point of generating "positive effects" whereby they could gain global competitiveness. Because companies had already reached the stage of converting negative numbers to zero, they set out to bring about change that was truly necessary, although they were previously unable to do so.

Given such a situation, more and more companies will embark on change for the time being. However, the level of difficulty in achieving change is increasing from the perspective of the frequency and speed of required change as well as in terms of the organizations/human resources who implement change.

To respond to the external environment that is changing significantly in a very short time, change must be implemented more frequently than ever and at a speed higher than ever before. Repeatedly undertaking change would likely cause carelessness arising from force of habit or a decline in motivation, which could be expressed as "change fatigue." Furthermore, because a sufficient preparatory period to accept environmental changes is not available, organizations/employees might fail to successfully respond to such changes, which again is likely to cause a decline in motivation.

(2) Challenges of organizations/human resources

From the perspective of organizations/human resources, change faces two challenges. The first issue relates to the decrease in the number of employees who can take a bird's-eye view of the impact of change. As the scale of a company expands and as organizations are increasingly segmented vertically, employees' areas of responsibility are becoming increasingly specialized, and a clear division of roles is established. When board members and department heads who now supervise change at workplaces learned the work assigned to them, they naturally tried to understand "business processes on an end-to-end basis" (comprehensively understanding related work including upstream and downstream work in addition to the work assigned to them). However, currently, surprisingly enough, efforts to gain such understanding are not so common. Because of the lack of wide-ranging knowledge about business operations, it is extremely difficult for employees to predict the impact that change will have on all related activities including the upstream and downstream work of the work subject to change. To enable them to have a broader perspective, a company must undertake broad cross-departmental coordination and carefully develop plans.

The second issue involves workforce diversification. Because of the increase in the number of non-Japanese employees (including those working at overseas subsidiaries) and varying values that domestic employees have, workforce diversification has been increasing on a global level. In addition, these days, the business environment varies greatly depending on country or region. In some cases, this situation causes a business to be generating good sales in a certain region, but in a different region, undergoing extreme difficulty. It is not at all easy to ensure that all employees having different values and working in different environments share the same sense of urgency, causing an increase in the level of difficulty in achieving change.

While the need for change grows, change attributes are getting increasingly difficult to deal with. Given this situation, whether a company can achieve change, in other words, being equipped with "the ability to achieve change" whereby it can successfully implement change quickly constitutes a source of a company's competitive strength.

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II   Breaking through Structural Factors Blocking Change

1   "Wholesale delegation" and "superficial compliance" cause a decline in suitability of change efforts

To improve the ability to achieve change, one must know what blocks change. Nomura Research Institute (NRI) examined all change-related projects that it has so far undertaken and analyzed inhibiting factors in the implementation of change. This inspection revealed two inhibiting factors:

- Wholesale delegation
- Superficial compliance

"Wholesale delegation" refers to the situation where subordinates cannot implement a superior's instructions correctly because the superior did not give sufficient explanation when instructing the subordinates or because the superior failed to provide coordination or make decisions that must have been done beforehand. "Superficial compliance" means the situation in which subordinates do not implement the superior's instructions appropriately.

While these factors may sound too childish, such situations lie behind almost all cases of failed attempts at change.

Let's look at some examples. Company A experienced the occurrence of wholesale delegation and superficial compliance at the stage of forming a consensus within the members of the board of directors. The president who instructed change believed that all board members would have taken the view of company-wide optimization, and that without the need for the president to give detailed instructions, coordination would have been achieved spontaneously and activities toward change would have been carried out in an integrated manner. Because the president had confidence in the board members, he unconsciously fell into the situation of "wholesale delegation," that is, passing all decisions onto the board members.

On the part of the board members, the greatest concern was about the business areas for which each member was responsible; they had no interest in other matters. As such, each member had little or no sense of responsibility for pursuing company-wide change, and remained committed to working only in the areas for which he/she was responsible at the phase of implementing change projects. No one made any attempt to coordinate among board members. Consequently, Company A failed to achieve far-reaching change beyond the jurisdiction of each board member.

At Company B, wholesale delegation and superficial compliance occurred between executives and managers (heads) of business operations departments. Among Company B's executives, a climate was prevalent that "what are important are organizations and personnel management; if executives appropriately deal with these matters, all other matters are the responsibilities of business operations departments." Because of this tendency, each time a problem arose, a new organization was established. As a result, many different projects were ongoing in parallel without any coordination of their roles among these projects. As such, a virtual wholesale delegation status occurred chronically. This status caused managers who actually drove change at work sites to behave in a manner that can be termed superficial compliance, that is, "sooner or later, a new organization will be created and policies will change." This idea prevented them from using their own initiative in promoting change. At work sites, change fatigue was commonly seen and the trend of working only for one's own assignment prevailed. Consequently, their change efforts ended with no essential change.

In recent years, many companies have been pursuing company-wide change. In most cases, the objectives of change are made relatively clear, and multiple projects are underway towards the same goals. Because these projects are correlated with each other, each individual project must be implemented precisely in accordance with a predetermined plan. Otherwise, a company will be unable to achieve intended change. Furthermore, because overlaps, omissions or oversights are highly likely to occur, a mechanism ensuring consistency among all projects, which could be expressed as "cross-project coordination," is essential.

However, if wholesale delegation and superficial compliance cause a decline in the suitability of respective change efforts, each employee will have too much on his/her plate to deal with the area for which each is responsible, and will be unable to work to ensure consistency with other areas (i.e., cross-project coordination does not function) (Figure 2). This type of distortion inhibits the implementation of change. Therefore, for many companies, the basic approach toward improving the ability to achieve change is to first recognize the structure tolerating the prevalence of wholesale delegation and superficial compliance and then to take the measures necessary to prevent the occurrence of such structure.

2   Three types of skills overcome wholesale delegation and superficial compliance

To prevent the occurrence of wholesale delegation and superficial compliance, a superior must articulate his/her instructions and must "stubbornly" verify that instructions were implemented appropriately. Furthermore, by making efforts to boost the atmosphere for change, the superior must raise the level of motivation of all concerned. If things are not going as planned, the superior must do it himself/herself and demonstrate that an

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Figure 2. Structural factors blocking change
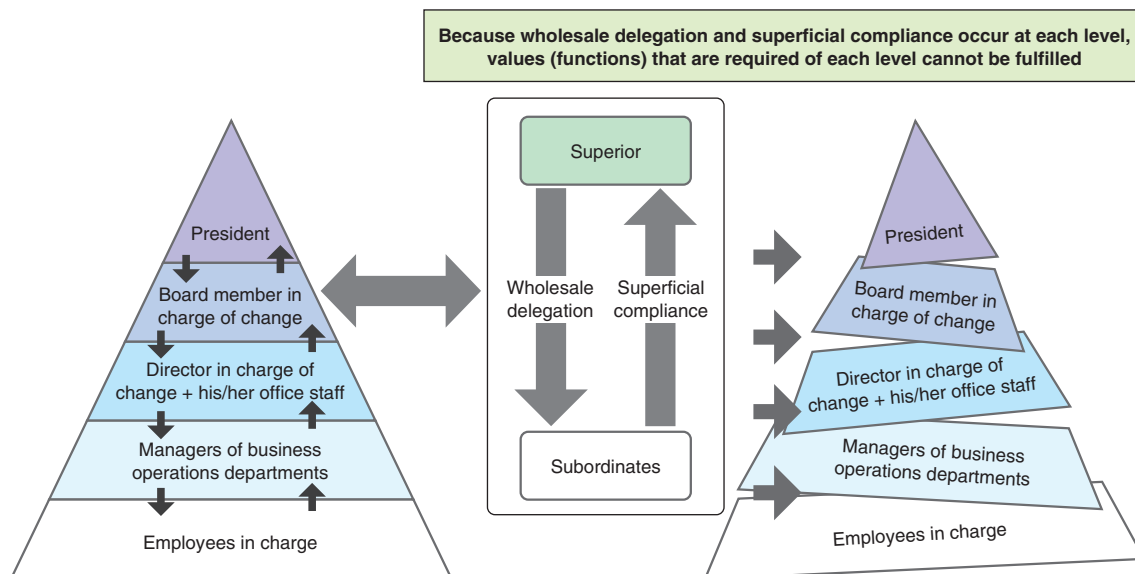
excuse of "I can't do it" is unacceptable. In other words, a leader of change is required to continue to demonstrate the following three types of skills: skills to give detailed instructions, skills to involve many people and collaborative skills.

(1) Skills to give detailed instructions
Skills to give detailed instructions refers to the ability to give a complete picture of the steps involved in achieving change from beginning to end, and to explain the action to be taken at each step in terms of each person's behavior as well as in the form of key performance indicators (KPIs).

The superficial compliance behavior is far less likely to occur if detailed instructions are given. In response to detailed instructions of "do these activities by the designated time in order to achieve something," rather than to abstract instructions of "achieve something by the designated time," subordinates have no choice but to follow the instructions precisely; otherwise they cannot report the results. It is an important role for a superior to issue specific instructions that are pertinent to each level, that is, to not resort to wholesale delegation.

(2) Skills to involve many people
Skills to involve many people in change efforts refers to the ability to involve many employees responsible for diverse areas by issuing detailed instructions and by leveraging "stage effects." Making full use of the above-mentioned skills to give detailed instructions ensures the implementation of activities toward change. However, in order to generate anticipated results from such activities and to continue the generated results, an environment must be created that enables each individual employee to raise his/her motivation, to think by himself/herself and act spontaneously. To this end, a leader of change is also required to deliberately use

"stage effects," which include effectively publishing any successful results at an early stage so as to increase interest in change and increasing the level of motivation by providing opportunities for employees in charge to present the results in front of management.

(3) Collaborative skills
Collaborative skills relate to the ability to constantly monitor progress. If it is found that instructions are not implemented appropriately, a superior himself/herself should participate to increase the quality of activities. In practice, these skills are enhanced by providing details of the relevant activities in advance, by accurately understanding the progress and quality of on-site activities and by issuing precise instructions appropriate for the situation.

Seeing a superior who issued instructions himself/herself make a firm commitment to achieving goals will raise the morale of subordinates and create an atmosphere encouraging them to keep up with the superior. Examples include Kazuo Inamori who brought about the rebirth of Japan Airlines (JAL) and Carlos Ghosn of Nissan Motor Company. Without resorting to wholesale delegation to an on-site workforce, both of them have continued to commit themselves to achieving goals, thereby leading to success in change.

Nevertheless, reality is not so undemanding. When a company attempts to achieve change, many different problems occur all at once at every process. It is extremely difficult for a superior to continue to take the following actions: quickly considering a proper method for dealing with each problem, giving detailed instructions on what to do to employees in charge, involving all related parties in the matter, and sometimes taking a leadership role in solving problems.

However, what would the situation be if when and what might occur could be predicted to some degree? If

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responses could be considered and prepared in advance to a problem that is predicted to occur, the probability of achieving change increases dramatically. Specifically, knowing in advance a "master schedule" indicating all processes from the start of change activities to their completion and the problems ("barriers") that are predicted to occur at each process would greatly improve "the ability to achieve change."

III "Master Schedule" for Change and "Barriers" to Overcome

1 "Master schedule" for change

(1) Why is a master schedule necessary?
Efforts to achieve change constantly encounter a wide variety of problems. Therefore, being able to predict to some extent the problems that are likely to occur and the processes where they are likely to occur will facilitate addressing each challenge appropriately.

NRI defines the stages from that at which a change leader decides to start change efforts to that where change is achieved and the results are embedded in a company's culture by a series of processes. In order to distinguish from the steps that focus only on the phase of implementing change projects, we call the set of processes a master schedule for change. Any efforts toward successful change must be made with this master schedule in mind.

Many thoughts on change management, as represented by those of John Kotter, often discuss the methodology of change itself. However, an analysis of various inquiries that NRI received revealed that a surprisingly large number of inquiries were about the activities taken before the start of change efforts (how to gain approval for change within a company, how to improve people's awareness on change, etc.), as well as about the closing of change processes after the accomplishment of expected results (how to maintain and pass on new mindsets and motivation that were developed through change efforts).

For example, to start change efforts, the approval of official committee structures such as the executive committee and the board of directors is first needed to secure the necessary budget and establish the project structure. However, in many cases of attempts to pursue change, gaining such internal approval is often the most difficult task. Practically, various obstacles prevent change processes from being undertaken. These obstacles include the situation in which a board member who does not agree to the change proposed by the president puts pressure through a former president and in which change goals determined by the board of directors encounter difficulties in making adjustments at the stage of creating plans for implementation. As such, the process of gaining internal approval is exactly the one in which wholesale delegation and superficial compliance phenomena frequently occur. Therefore, if the person or group pursuing change is unable to predict situations leading to wholesale delegation and superficial compliance and fails to effectively deal with such situations, change will come to a halt. That is, success or failure is determined even before change efforts start.

Furthermore, wholesale delegation and superficial compliance phenomena are also likely to occur at the phase where the accomplishments brought about by change efforts are to be embedded in a company's norms and the company is to continuously benefit from the effects of change. Once change efforts have generated certain results, interest in and commitment to transformations rapidly decline. Activities to institutionalize the results are often met with difficulties and are not properly evaluated. Because of this situation, the persons in charge of such activities gradually shift their interest from achieving results (i.e., firmly anchoring new approaches, mindsets, attitudes, etc.) to doing things merely for form's sake.

As such, when considering its transformation, a company must give full attention to the master schedule ranging in scope from the process of drawing up a plan to the process of firmly anchoring the results gained through the transformation efforts. Specifically, rather than only considering the phase of implementing change projects, thoughts must also be given to the process of making a decision for change and making internal arrangements to enable the launch of change projects, as well as to the process of embedding the new approaches, mindsets and behaviors established through change efforts in the company's culture and ensuring their continuation.

(2) Master schedule for change consists of five processes
A master schedule for change consists of the following five processes.

① Developing and communicating concepts
② Planning and getting approval
③ Implementing change projects
④ Declaring completion of change projects
⑤ Laying the groundwork for change

Each process is defined below (Figure 3).

① Developing and communicating concepts
All sorts of preparations are necessary to embark on major change. In this process, leaders must be selected to move change efforts forward; key concepts must be developed to provide persuasive explanations to many different types of stakeholders and, if necessary, supporters should be persuaded to participate in change

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Figure 3. Master schedule for change
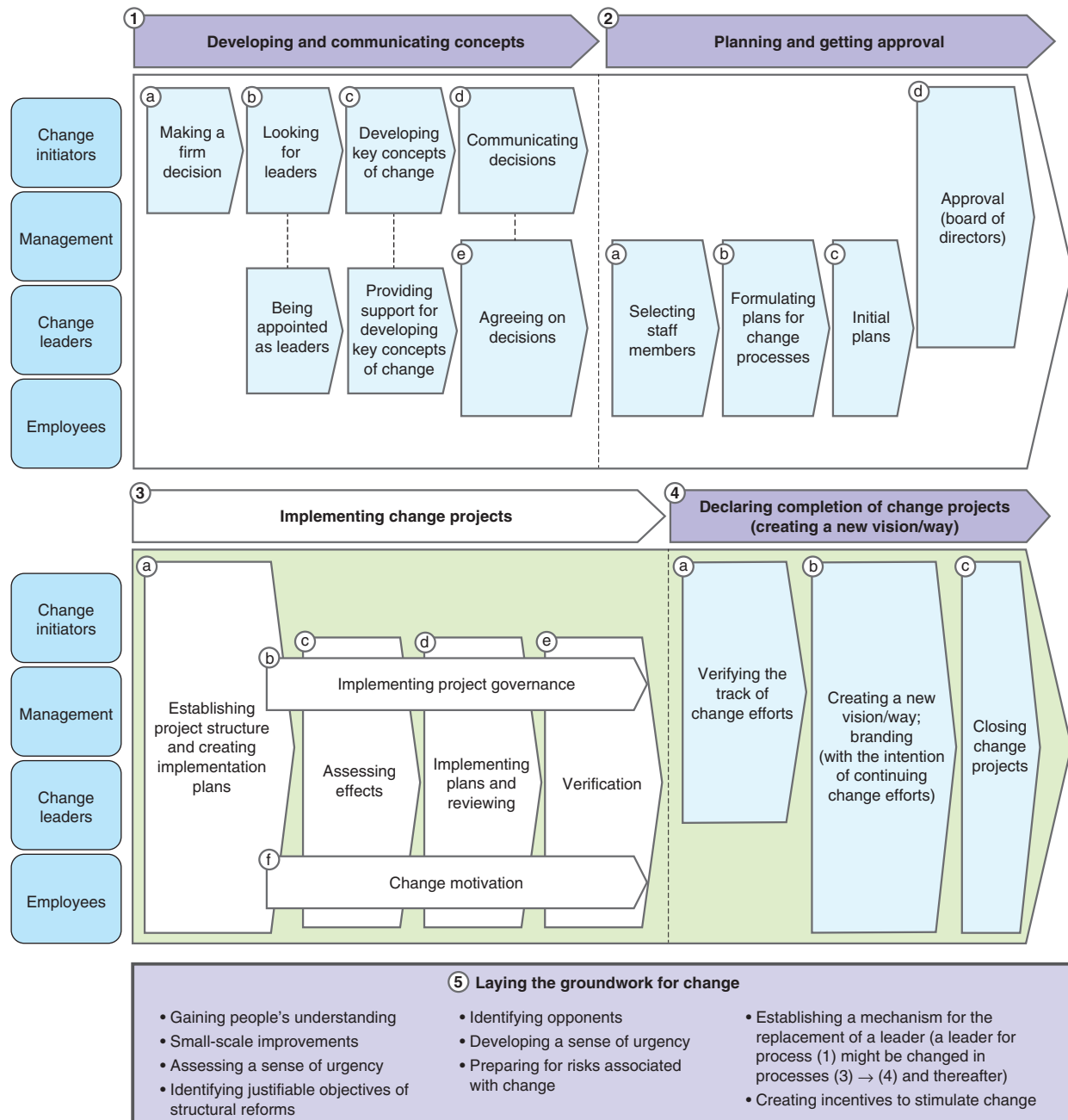
efforts. This process is necessary for individuals (or groups) who consider that change is necessary to make a firm decision. The key point of this process is whether justifiable objectives can be set up to gain the cooperation of as many individuals and organizations as possible and whether the chances of success can be increased.

② Planning and getting approval

In this process, a company's key persons such as board members must be persuaded to get involved, and change efforts must be approved as company projects. Specific activities include selecting staff members who make plans for and promote change activities, making an overall description of detailed change processes, and communicating with internal stakeholders in depth so as to increase the number of people who agree on change.

The ultimate goal of this process is to obtain the approval of the executive committee and/or the board of directors.

An important point in this process is the way in which key persons are persuaded to get involved, that is, in what order they will be persuaded. In order to involve stakeholders appropriately, it is necessary to accurately understand the attitude and mindset of each stakeholder regarding change, as well as the interest that such individual has in the change targets.

③ Implementing change projects

In this stage, with the company's approval, various measures are taken to produce results. Generally, each organization creates an action plan. A series of activities based on these plans is carefully monitored to ensure

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that plans are implemented appropriately and anticipated results are generated. This stage is the process that forms the core of change efforts.

④ Declaring completion of change projects (creating a new vision/way)

In this stage, activities are conducted to maintain the momentum of change for which projects were successfully completed and to establish foundations enabling continuous transformations within a company. In many cases, this process involves looking back at what has been done and creating a new vision/way based on the objectives set up at the time of starting change efforts.

A common method is that one transformation is completed by one change leader. However, practically, there are cases where a leader must be replaced before one transformation is completed.

When a change leader is to be replaced, a mechanism must be established in which a successor leader is designated and the predecessor's responsibility is assumed by this successor so as to prevent any interruption of change efforts.

⑤ Laying the groundwork for change

The process of laying the groundwork for change relates to boosting the atmosphere to embark on change. The larger the scale of change, the greater the need to involve many people. However, obtaining the cooperation of many people is difficult if there is no groundwork. To this end, efforts must be made to increase the recognition of people inside and outside the company regarding planned or ongoing transformations and encourage many people's participation. Specific activities include explaining a situation facing the company, introducing cases of small-scale success, releasing information on improvements to the mass media and holding town hall meetings.

2 Barriers blocking change

With a master schedule in mind, a roadmap that shows the steps needed to achieve change can be created.

However, practically, the barriers appearing in each change implementation process affect the achievement of change.

By predicting the type of barrier that could appear in a certain situation, a company can avoid such a barrier. If such a barrier actually appears, appropriate response measures could be taken pursuant to a plan that is created based on predictions.

NRI predicts ten barriers to change, which are broadly divided into four categories as shown in Figure 4.

(1) Change initiators themselves
(2) Gaining understanding of the need for change and creating an atmosphere for change
(3) Having consistent intentions
(4) Unexpected problems on the way toward achieving change

The barriers in Category (1), "change initiators," are those that change leaders themselves must overcome. For example, when making a decision to propose change, every leader generally has various kinds of inner conflicts. The psychological barrier, that is, "I have to succeed in achieving intended change by any means" sometimes undermines the determination to achieve change. However, unless this barrier is overcome, change cannot begin to take place. This barrier is largely dependent upon the amount of experience previously accumulated by a change leader and the level of skills that a change leader possesses in considering improvements. Most cases of facing this barrier are attributable to the uncertainty as to what will happen.

Figure 4. Barriers blocking the achievement of change

(1) Change initiators themselves	Barriers	Excessive mental pressure forcing a leader to have an indomitable resolve in addressing challenges
(2) Gaining understanding of the need for change and creating an atmosphere for change	Barriers	Inadequate understanding of the current situation and a sense of urgency that is not high enough
	Barriers	Strong habituation leading to an attitude of "do not want to or cannot change the status quo"
	Barriers	Difficulties in maintaining enthusiasm for change
(3) Having consistent intentions	Barriers	Awareness/attitude gaps among board members
	Barriers	Differing interpretations of goals
(4) Unexpected problems on the way toward achieving change	Barriers	Difficulties encountered in selecting staff members
	Barriers	Lack of transparency in the implementation of change projects
	Barriers	Poorer results than anticipated; need to deal with unexpected problems
	Barriers	Because of the replacement of an executive who was leading change, change results have not been incorporated deeply enough into a company's culture, and traditional ways of doing business come back

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A sensible solution to these barriers is to understand a master schedule for change and barriers, which are discussed in this paper, and eliminate fear by devising possible responses to anticipated barriers. Furthermore, because, in most cases, multiple projects are established with the aim of achieving change, it is very unlikely that all such projects would fail. One executive stated, "There is no need to pursue all wins for ten projects; six wins and four losses would provide sufficient effects of change." It would be necessary to adopt a realistic approach in that there is nothing to fear if change efforts are based on a well-thought-out contingency plan.

In Category (2), "gaining understanding of the need for change and creating an atmosphere for change," possible barriers include: inadequate understanding of the current situation and a sense of urgency that is not high enough; strong habituation leading to an attitude of "do not want to or cannot change the status quo;" and difficulties in maintaining enthusiasm for change.

These barriers are attributable to resistance to changing traditional thinking. The key point in overcoming these barriers is whether it is possible to present resisters with justifiable objectives for change that can improve upon and go beyond traditional thinking.

Category (3), "having consistent intentions," faces barriers such as awareness/attitude gaps among board members and differing interpretations of goals.

These barriers are generally related to the extent to which communication is made. Therefore, they can be dealt with by drawing up a clear plan of communication indicating "what, when and with whom" to communicate.

The barriers in Category (4), "unexpected problems on the way toward achieving change," include: difficulties encountered in selecting staff members; lack of transparency in the implementation of change projects; poorer results than anticipated; need to deal with unexpected problems; and because of the replacement of an executive who was leading change, change results have not been incorporated deeply enough into a company's culture, and traditional ways of doing business come back.

Predicting the appearance of these barriers and being equipped with appropriate measures to prevent their occurrence or to overcome them will provide a company with a powerful means of achieving change.

IV　Utilizing Relationships between Master Schedule and Barriers

1　Relationships between master schedule and barriers

Because the methods to overcome the individual barriers pointed out in Chapter II as well as the techniques to prevent the occurrence of such barriers are discussed in

the papers in *Chiteki Shisan Souzou (Knowledge Creation and Integration) Vol. 22*, February 2014 (available only in Japanese), this paper focuses on the relationships between master schedule and barriers.

The processes where the individual barriers mentioned in Chapter III appear can be identified in advance (Figure 5). The barriers that must be overcome by "(1) change initiators themselves" naturally occur in the process of "developing and communicating concepts." Most barriers associated with "(2) gaining understanding of the need for change and creating an atmosphere for change" begin to occur in the process of "laying the groundwork for change" for which efforts are started prior to the process of "planning and getting approval." The barriers in "(3) having consistent intentions" begin to occur from the process of "planning and getting approval," and those in "(4) unexpected problems on the way toward achieving change" appear in the process of "implementing change projects" and subsequent processes.

In other words, if change leaders fail to overcome barriers such as inadequate understanding of the current situation, a sense of urgency that is not high enough and strong habituation leading to an attitude of "do not want to or cannot change the status quo," and cannot go to the next step, the barriers such as awareness/attitude gaps among board members and difficulties in maintaining enthusiasm for change would not appear. If change leaders have knowledge of the process within the master schedule in which their company is currently making efforts and can predict the barriers that could occur in the current and next processes, preparations could be made for expected barriers. By so doing, an unexpected situation causing change efforts to grind to a halt can be avoided.

2　Relationships between change format and master schedule

NRI uses two indicators to classify change efforts. One is "background/objective," which measures the level of difficulty in forming consensus. The other is "leadership," which measures the amount of control over an organization.
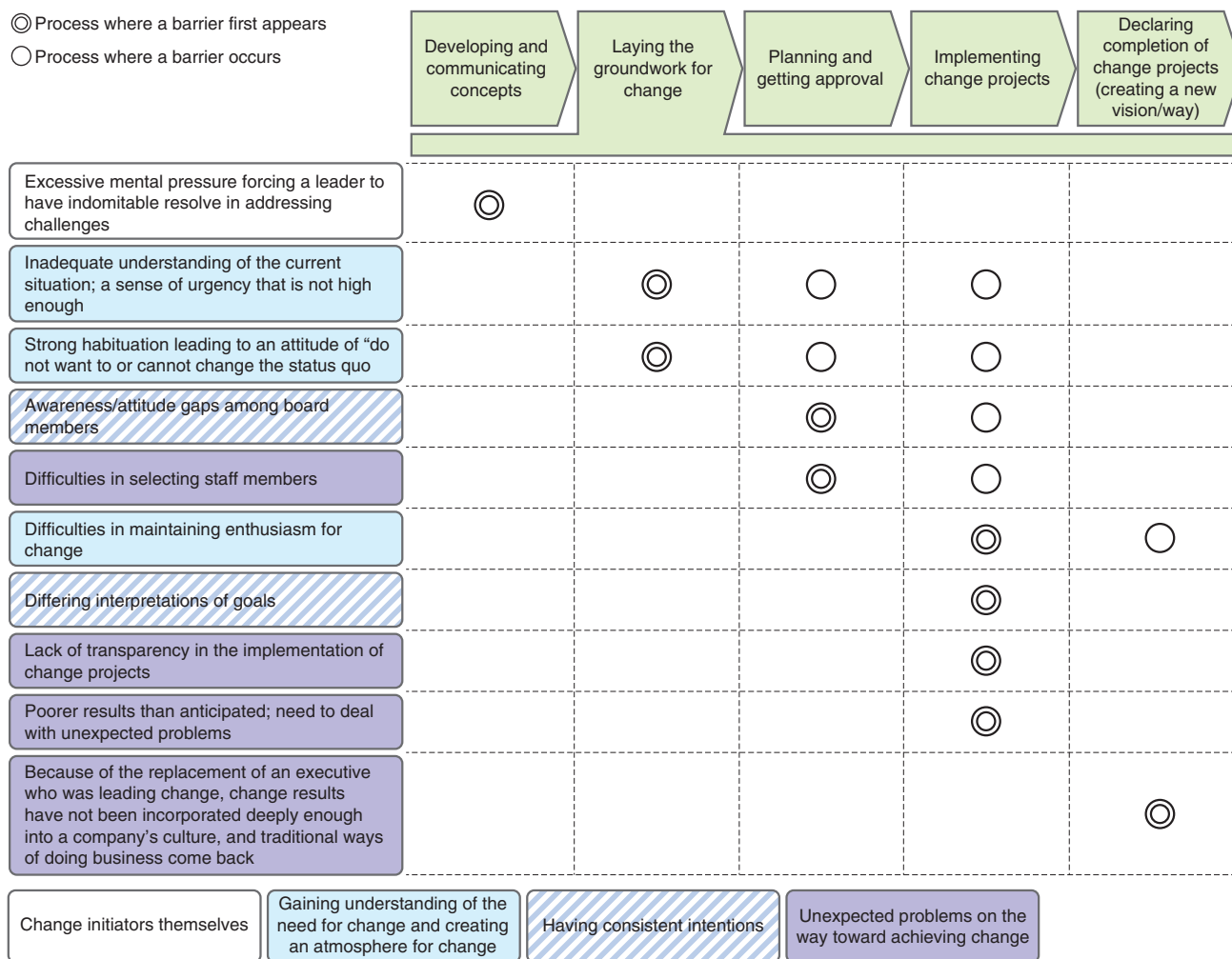
The indicator of "background/objective" can be classified into the following three cases:

(1) Renewal
(2) Turning deficit into surplus
(3) Good to great

The case of "(1) renewal" means a situation in which a company has already collapsed, and change is mandatory whether one likes it or not. A similar situation can be assumed for the case of "(2) turning deficit into surplus."

Compared to these first two cases, the case of "good to great" is more difficult to obtain consensus. The situation that can be assumed for this case is that, while a

Figure 5. Relationships between master schedule for change and barriers

◎ Process where a barrier first appears
○ Process where a barrier occurs

Barrier	Developing and communicating concepts	Laying the groundwork for change	Planning and getting approval	Implementing change projects	Declaring completion of change projects (creating a new vision/way)
Excessive mental pressure forcing a leader to have indomitable resolve in addressing challenges	◎				
Inadequate understanding of the current situation; a sense of urgency that is not high enough		◎	○	○	
Strong habituation leading to an attitude of "do not want to or cannot change the status quo"		◎	○	○	
Awareness/attitude gaps among board members			◎	○	
Difficulties in selecting staff members			◎	○	
Difficulties in maintaining enthusiasm for change				◎	○
Differing interpretations of goals				◎	
Lack of transparency in the implementation of change projects				◎	
Poorer results than anticipated; need to deal with unexpected problems				◎	
Because of the replacement of an executive who was leading change, change results have not been incorporated deeply enough into a company's culture, and traditional ways of doing business come back					◎

Change initiators themselves	Gaining understanding of the need for change and creating an atmosphere for change	Having consistent intentions	Unexpected problems on the way toward achieving change

company's financial performance is not bad, if the current status is left as is, performance will eventually degrade due to factors such as changing industrial structure or changing consumer behavior, and there is a high probability that the company will be on the verge of collapse. However, because such a crisis has not yet occurred, this case represents the most difficult situation for increasing a sense of urgency.

The indicator of "leadership" can be classified into the following three types.

(a) A person invited to a leadership position from outside a company
(b) An owner
(c) A person promoted to a leadership position within a company

A representative example of Type (a), "a person invited to a leadership position from outside a company," is the case of Japan Airlines (JAL) former Chairman Kazuo Inamori, who led change to turn the ailing airline around. This type of leadership is often adopted for the objective of "(1) renewal." Type (b), "an owner," represents a leader who has full control over a company as typified by a company's founder. The case in which executives are dispatched to a company created through mergers and acquisitions (M&A) also comes under this type.

Probably the most prevalent type in Japan is Type (c), "a person promoted to a leadership position within a company." While a leader of this type is in a position to supervise the entire company, the person often finds himself/herself being caught up in unwanted interactions such as a power struggle within the company, causing various problems in demonstrating absolute leadership.

Figure 6 illustrates the level of difficulty using the two indicators of "background/objective" and "leadership."

Because "(1) renewal" represents the collapse of a company, as mentioned above, there is no argument about the need for change. Therefore, without going through the processes of "developing and communicating concepts," "planning and getting approval" and "laying the groundwork for change," change efforts can be started from the process of "implementing change projects." Therefore, under whatever type of leadership, change efforts can start from the state where most barriers to change have already been surmounted, making transformations relatively easy to deal with.

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An apparent need for change also exists for the objective of "(2) turning deficit into surplus," albeit somewhat less apparent than the need in the case of "(1) renewal." Similarly, in the case involving the leadership of "(b) an owner," in which an owner of a company who is the president and who has full control over business operations leads change efforts, the groundwork to instill the need for change has already been laid. Therefore, while there are some cases where consideration must be given to "laying the groundwork for change," no need exists for being deeply involved in the processes of "developing and communicating concepts" and "planning and getting approval," giving rise to relatively fewer barriers to overcome. As such, the level of difficulty of these transformations is considered lower, even though it is not as low as is the level of "(1) renewal."

In contrast, "(3) good to great" change led by "(c) a person promoted to a leadership position within a company" (top right box in Figure 6) faces many challenges starting with those of convincing others of the need for change. In addition, as mentioned above, many cases that involve this type of leadership present various problems. Therefore, preparations must be made to deal with the barriers predicted in all processes within the master schedule. Consequently, this case of change represents the highest level of difficulty and, at the same time, is the most common type of change occurring within Japanese companies.

As such, the master schedule that must be assumed in undertaking change differs by the group that is classified according to the two indicators of "background/objective" and "leadership." The master schedule thus defined decides the number of barriers as well as the level of difficulty. Moreover, for change involving "(3) good to great" led by "(c) a person promoted to a leadership position within a company" that is most difficult,

the importance of the processes of "planning and getting approval" and "laying the groundwork for change" varies depending on how long the leader has worked for the company and whether he/she has any accomplishments.

In other words, a change leader must determine the master schedule by identifying the background/objective to undertake change as well as his/her competency in the capacity of leader. Sufficiently preparing for the barriers that are assumed based on the master schedule thus identified will undoubtedly lead to enhancement of the ability to achieve change.

3 Knowledge of master schedule and barriers augments experience

The questionnaire survey described in Chapter I also asked the respondents about whether they have had any experience in taking part in attempts at major change and whether such change ended up being successful. To this question, more than half of the responding middle managers who are expected to play a central role in future change projects answered "have no experience" or "have experience but the attempt failed." The respondents who answered "have experience and success was attained" accounted for only about 25 percent of the total (Figure 7).

Attaining success in change largely depends on whether one has had previous experience. Apart from whether or not people who have previously undertaken change have a clear sense of appreciation, they have at least kept in mind/experienced master schedule and barriers. Such experience enables them to predict what will happen during the next process when they take on future change.

Staying aware of master schedule and barriers will augment such experience. If all stakeholders in change

Figure 6. Difficulty level in achieving change and the master schedule that should be assumed
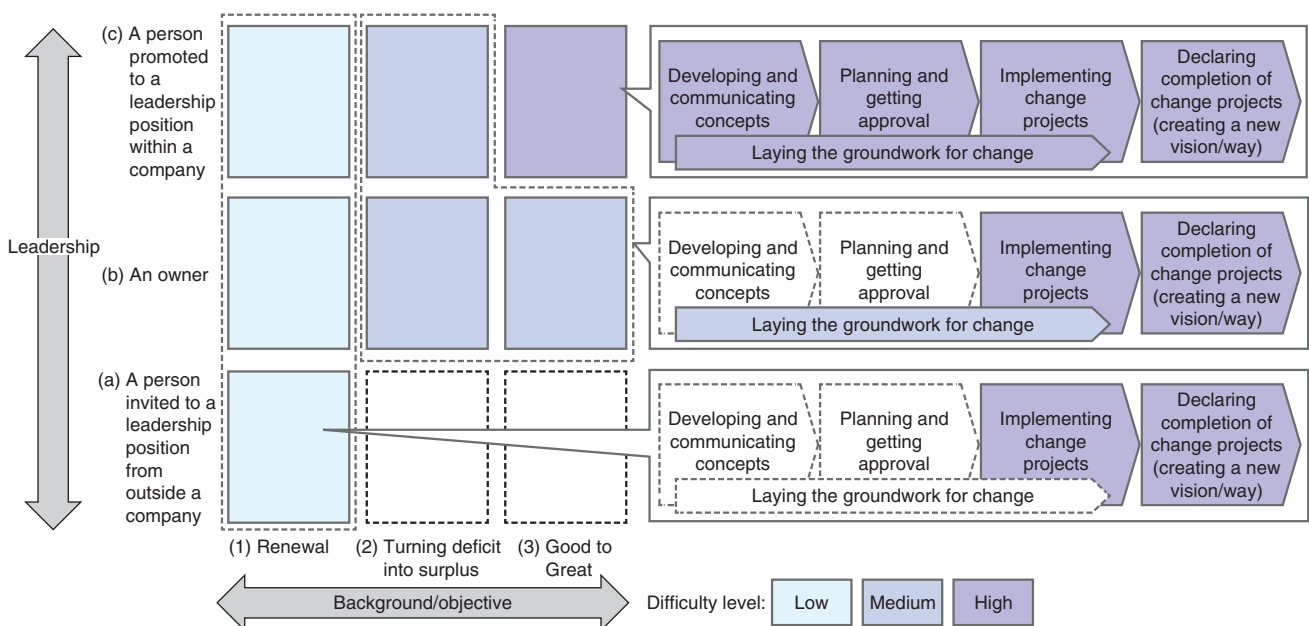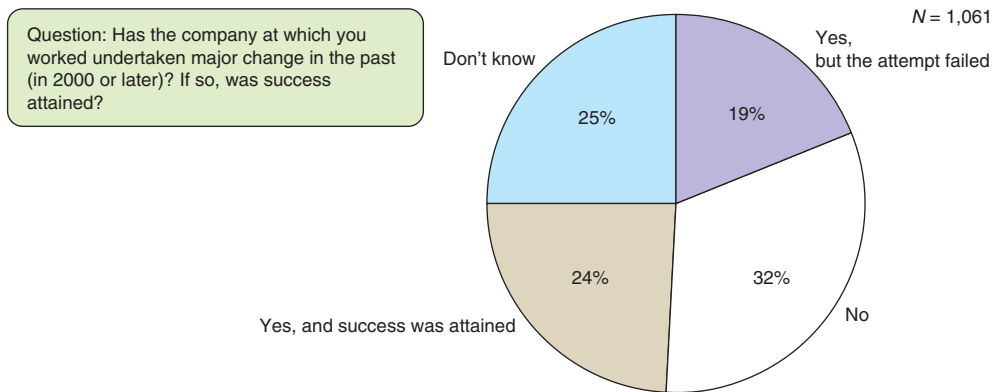

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Figure 7. Experience of major change and attainment of success

Question: Has the company at which you worked undertaken major change in the past (in 2000 or later)? If so, was success attained?

N = 1,061

Yes, but the attempt failed

Don't know

25%

19%

24%

32%

No

Yes, and success was attained

Source: "Questionnaire Survey Related to Corporate Change" conducted by Nomura Research Institute in September 2013.

projects have a common appreciation of master schedule and barriers, they can focus their discussions on the appropriate actions that should be taken during the relevant process, enabling them to prepare efficiently. Such common appreciation enables a leader to give more specific instructions and facilitates the involvement of all concerned. Furthermore, if what should be addressed is made clear, a change leader can precisely evaluate the various activities that are conducted for achieving change, which will enable a leader to work closely with on-site employees, thereby increasing the quality of change.

Understanding the concepts of master schedule and barriers and utilizing their relationships enable efficient enhancement of three types of skills, that is, skills to give detailed instructions, skills to involve many people and collaborative skills. Enhancing these three types of skills will overcome wholesale delegation and superficial compliance, which are often prevalent in a company amid change efforts, and will eventually improve a company's "ability to achieve change."

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