Accelerating Change

How to keep your company’s change efforts in overdrive—without spinning out of control.

Overview

Why Good Companies Go Bad
by Donald N. Sull

Turning Goals into Results: The Power of Catalytic Mechanisms
by Jim C. Collins

Patching: Restitching Business Portfolios in Dynamic Markets
by Kathleen M. Eisenhardt and Shona L. Brown

New sections to guide you through each article:
• The Idea in Brief
• The Idea at Work
• Exploring Further...
Change programs often seem like they’ve been shot out of cannons. They start with a bang, but then quickly fall flat. This Harvard Business Review collection identifies several ways for companies to accelerate and sustain their ascent over three seemingly insurmountable obstacles to change.

The first article, “Why Good Companies Go Bad,” identifies the (arguably) earliest obstacle to change: a company’s insistence that simply doing more of what was successful in the past will work in today’s and tomorrow’s markets. “Turning Goals into Results” takes you over the next hurdle: your company has realized the extent to which it must change, but is missing powerful tools to build connections between vision and reality—catalytic mechanisms. And finally, “Patching” suggests that a flexible organizational structure, one that is adaptable to market changes, provides the right environment for catalytic mechanisms to really take off.

THE ARTICLES

“How Good Companies Go Bad” by Donald N. Sull

Something surprising happens when the business environment changes. The most successful companies often fail. Not because they’re paralyzed, but because they take too much action—and the wrong action. They suffer from active inertia, the tendency to do only what has worked in the past. Such companies are victims of their own success. The old winning formulas no longer work. Values that once inspired excellence are now rigid dogmas, destroying market share. Strategic frames that once provided focus are now blind to new opportunities. Processes that once integrated are now useless routines.

Companies can combat active inertia by revisiting fundamental assumptions about their business, by asking “What hinders us?” before “What should we do?”

“Turning Goals into Results: The Power of Catalytic Mechanisms” by Jim Collins

Having realized the need to change, many executives would like to believe that if they try hard enough—by writing eloquent vision statements and devising sophisticated policies and procedures—their wildest dreams will become a reality. Instead, they simply encumber the company, their dreams quickly fade away, and the status quo prevails.

The problem lies not in the dreams but in the means for realizing them. Organizations have an alternative—catalytic mechanisms. These are simple yet powerful tools that propel companies away from the status quo and their commitment to change past the point of no return. They are galvanizing, non-bureaucratic means of turning visions into reality. Typically, they redistribute power to benefit not traditional power-holders, but the overall system.

“Patching: Restitching Business Portfolios in Dynamic Markets” by Kathleen M. Eisenhardt and Shona L. Brown

A company’s too-rigid organizational structure often poses the biggest obstacle to change—preventing even the most innovative goals and the most powerful catalytic mechanisms from firing up the company. Managers may be tempted to undertake a huge reorganization to dissolve this rigid structure. But the most successful companies do something very different. They patch, building inherently temporary structures that allow them to continually restitch their businesses to match changing market opportunities.

Patching is usually frequent and small in scale. It can take the form of adding, splitting, transferring, exiting, or combining chunks of businesses. Its focus is on speed and agility. Its restitching thread is not unbreakable; instead, it’s much like Velcro.