Weekly Brief

July 18, 2023

Change Is Hard

It's often said that there are only two things people dislike: the way things are—and change.

Many of the people I talk to each day—CEOs, senior executives, public and social sector leaders—are great at changing. They have navigated new challenges, stretched their capabilities, and faced new responsibilities as they progressed in their careers. They are successful *because* they are good at change. The more they succeeded, the more adept they became at change.

And yet many now lead organizations that struggle to change. BCG's research finds that as many as 75% of transformations and major change efforts fail to realize their intended value. The explanations I hear for these misses and disappointments are troublingly vague: inability to generate buy-in, a lack of accountability, insufficient energy or momentum.

My colleague Julia Dhar, who leads BCG's Behavioral Science Lab, describes two phenomena that help explain why change is hard.

- **Change Aversion.** Psychologists have shown that people hate loss more than they love a gain of equal magnitude. It is much more painful to lose $5 than pleasurable to find $5 on the street. People view change in a similar way. We value what we have, in all its imperfections, more than what we could have. In other words: people are change-averse. You can measure your own energy for change using our new assessment.

- **Change Distance.** People closer to change decisions and with more seniority feel more favorably toward change than those further away or with less influence. The greater the distance between them and an initiative's center of gravity, the stronger this effect becomes.

While these two phenomena are different, the prescription for overcoming them is similar. Humans are complex beings with emotional reactions to change. Their reactions do not fit easily inside the rigid confines of a spreadsheet or Gantt chart, but they are valid. So what can we do?

Be empathetic. Imagine yourself as an employee in a cubicle farm, home office, shop floor, hospital ward, or retail store of your organization. How strong is the case for change from this new perspective? What can you do as a leader to address concerns? What channels can you create for stronger listening?

Encourage agency. Lay out the facts for employees and bring them along on the change journey. Employees are more likely to change if they are invested in the process. Jeanie Duck, BCG's first change management consultant, used to say, "Insight discovered beats insight delivered."

Train frontline leaders. One way to close the change-distance gap is to bring your frontline leaders into the circle of change. Frontline leaders are often first-time managers who oversee operations such as call centers, bank branches, or manufacturing shifts. They are your ambassadors, who can explain the need for change to employees and convey employee concerns back to you.

Frontline leaders manage up to 80% of employees at many

organizations but often receive only basic management training and limited access to senior leaders. It's no wonder they struggle to be effective at translating lofty change ambitions for their people.

Offer authentic praise. Employees may be more willing to embrace change if they feel they are noticed. Our research has shown that the number-one request that employees have of their leaders is more appreciation and recognition.

To some extent, these are not new lessons, but they're relevant today, when the ability of large organizations to change is a great differentiator and a source of enduring advantage.

Until next time,

Christoph Schweizer
Chief Executive Officer

Further Reading

How Change Aversion Can Derail a Transformation

Change is difficult...because people just don't like it! Discover the reasons behind change aversion and ways that businesses can realize more successful change efforts.

[Read more]

[What Superprojects Teach Us About Corporate Change](#)

Lessons from two truly ambitious projects—NASA's Apollo program and Pfizer's Project Lightspeed—show how today's leaders can help their organizational change efforts succeed.

[Read more](#)

How Frontline Leaders Can Deliver Breakout Performance

Frontline leaders can have a huge impact on their teams, on an organization's overall performance, and on customer satisfaction, yet most companies fail to develop them effectively. A three-step program can help.

[Read more](#)

Celebrating Our 60th Anniversary

Over the past six decades, BCG has maintained an unwavering commitment to our corporate purpose: unlocking the potential of those who advance the world. As we turn to our future, join us in celebrating the power of our people, our ideas, and the impact we have through our clients around the world.

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