CULTURE DESIGN

Why Transformations Fail

Transformation Thursday 9.17.26 | Authored by Jason Burnham



70% of change initiatives fail.

You have read that. I have written it. It is in our own older decks, and it is coming out of them this month, because the number does not survive a look at where it came from.

Before the takedown, the fair part. That figure spread because it claimed something people recognized. If you have sat in a room eighteen months after a transformation and watched everyone quietly agree not to mention it, the number felt true, and a statistic that matches lived experience travels whether or not anyone checks it. What makes it unusable is not cynicism, but the fact that nobody can check it.

The trail is short. Michael Hammer and James Champy wrote in 1993 that as many as 50-75% of organizations undertaking a reengineering effort do not achieve the dramatic results they intended. They called it an unscientific estimate themselves. That is a range, about one method, describing results that fell short of ambition. Seven years later Michael Beer and Nitin Nohria opened a *Harvard Business Review* article with the line that about 70% of all change initiatives fail. No citation, no sample, and no method accompanies it. An unscientific estimate about reengineering had become a universal law of organizational life, and it has been quoted that way ever since by consultants, by academics, and by me!

The attribution to John Kotter is worse, because it is simply wrong. His 1995 article and his 1996 book contain no such figure. The 70% in *Leading Change* is a claim that successful transformation is seventy to ninety percent leadership and only ten to thirty percent management, which is a different sentence about a different thing. Kotter did offer a seventy percent figure in 2008, in *A Sense of Urgency*, and he framed it plainly as his own estimate from years of study. No data accompanies it.

Mark Hughes went looking for the evidence and published the result in the *Journal of Change Management* in 2011. His conclusion is that while a popular narrative of seventy percent failure exists, there is no valid and reliable empirical evidence to support it. Carlos Cândido and Sérgio Santos reviewed the adjacent literature on strategy implementation in 2015 and concluded that the true rate remains to be determined, because most of the estimates in circulation rest on evidence that is outdated, fragmentary, or simply absent.

> *Mark Hughes, "Do 70 Per Cent of All Organizational Change Initiatives Really Fail?", Journal of Change Management, volume 11 issue 4, 2011. DOI 10.1080/14697017.2011.630506*
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> *Carlos Cândido and Sérgio Santos, "Strategy implementation: What is the failure rate?", Journal of Management & Organization, volume 21 issue 2, 2015. DOI 10.1017/jmo.2014.77*

So we do not know the rate. We do know that transformations fail often enough that everybody working in this field has watched one do it. That is a weaker claim and a more honest one, and it changes nothing about the work itself. The percentage was never the useful part. The mechanism is. Here are the four we see most, named the way they actually happen rather than the way they get written up afterward, and none of them appears in the post-mortem deck.

1. The practice changed and the belief did not.

This is the most common failure and the least visible. A new process ships, training happens, and adoption looks fine for a quarter. Then it drifts, and by month nine the old way is back with a new form attached to it. Nobody resisted and nothing was announced. It simply reverted.

Behavior follows belief. If you change practices without understanding the beliefs underneath them, the old beliefs win and the change reverts. In our Memetics Frame Analysis we put an iceberg on the wall and work down it: the events at the top, the patterns of behavior that keep repeating, the structures and norms that enable them, and at the bottom the mental models people actually hold. The beliefs are the prize and the group has to be slowed down to reach them. The question that gets you there is deceptively flat. What would we have to believe for this to make sense?

The answers are rarely flattering and they are almost never stated in a meeting. *Why do I need to change, am I the one doing it wrong? If it is not broken, do not fix it. This too shall pass.* Every one of those beliefs was earned somewhere, usually by watching an earlier promise go unkept, so they are the specification rather than an obstacle to work around. A reframe that respects the original concern can move a belief. A slogan cannot, and hollow positivity breeds the cynicism you will be fighting next year.

2. No one owned the question of whether the culture could execute it.

Strategy sessions produce ambition. Very few of them produce an honest answer to whether this particular organization is capable of delivering the thing just agreed, and that is a gap in the process rather than a shortage of nerve. The question sounds almost rude in the room. *Is our culture capable of achieving our goals?*

Ask it properly and you get a diagnostic rather than an opinion. We score six dimensions: Common Purpose, Psychological Safety, Stakeholder Commitment, Individual Agency, Organizational Actualization, Cultural Sustainability. The score is not the point. The spread is. When the executive team rates Psychological Safety at eight and the managers two levels down rate it at four, you have learned something no roadmap would have told you, and you have learned it before you spent anything.

What happens without that step is predictable. The strategy assumes cross-functional collaboration from an organization that has never been asked to self-govern. It assumes candor from people who have watched candor cost someone a promotion. It assumes managers will coach when nobody has ever coached them. The plan is not wrong. It is simply addressed to a different organization than the one that received it.

3. The managers were told, not coached.

Every transformation runs through the manager layer, and the cascade is built to disseminate information rather than to build capability. Send the deck, add the talking points, book the sessions. Then the message thins out somewhere between the third floor and the warehouse, and the thinning gets read as indifference.

Managers are not refusing. Most of them have never been asked to hold this conversation and have no idea how it goes when someone pushes back. People come out of the all-hands thinking, fine, but *what does this mean for me, and what do I need to do differently tomorrow?* If the manager cannot answer that in their own words, the change stops at their door, and it stops out of not knowing rather than out of resistance.

Coaching and practice fixes this and almost nobody budgets for it. Put managers in a room, give them the three hardest questions their teams will actually ask, and make them answer out loud in front of each other. It is uncomfortable for ninety minutes and it is the

highest-return ninety minutes in the whole program. You find out on the spot which parts of your message cannot be said by a human being in a normal voice.

4. Nobody owned it after the consultant left.

The engagement ends on a high. Findings delivered, roadmap approved, sponsor pleased. Eighteen months later someone opens the deck and nothing in it happened, and no single person can say when it stopped.

This one is structural. A transformation is a set of decisions that has to keep being made after the people who designed it have gone. Without a body that owns those decisions, with a charter, named owners, and a meeting that actually convenes, the work reverts to whoever has the most urgent day job. With one, the change has somewhere to live. That is the whole argument for cultural governance, and it is the part clients cut first because it looks like overhead rather than like progress.

Design the exit on day one. Name who owns each decision after handover, write down what that body decides and what it deliberately does not, and put the first four meetings in the calendar before you leave the building. If you cannot name the owner, you have not finished the design.

What this means for the diagnosis

Notice what the four have in common. None of them is a planning failure. The strategy was usually fine. What was missing in every case was an honest read of the current state: the beliefs underneath the behavior, the competency to execute, the readiness of the manager layer, and the structure meant to outlive the project. Four gaps, all of them knowable in advance, and all of them cheaper to find in week three than in month eighteen.

That is why we spend so much of the first phase on diagnosis, and why Discover is the only phase we recommend scoping at the start. You cannot design a future state for an organization you have described optimistically. So before your next strategy offsite, send your leadership team one question and ask them to answer it in writing, independently, before anyone talks. *What would have to be true of us for this plan to work, and is it true today?* Bring those answers into the room on the first morning.