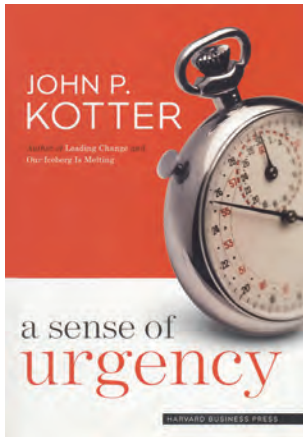
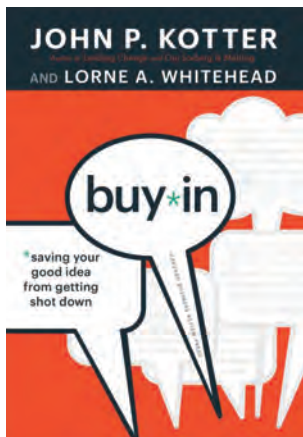


## Making Change Happen

By Shayne C. Kavanagh



*A Sense of Urgency*  
By John P. Kotter  
Harvard Business Press  
2008, 196 pages, \$22



*Buy-In: Saving Your Good Idea from Getting Shot Down*  
By John P. Kotter and Lorne A. Whitehead  
Harvard Business Review Press  
2010, 208 pages, \$22

The Great Recession has required local governments to make adjustments. Financial strategy is foremost among those areas requiring change. However, people tend to be averse to change or even resistant to it. Therefore, to help local government make the needed transformation, finance officers must be versed in techniques for promoting organizational change. John P. Kotter, a noted expert in this field, has recently produced two books that make an important contribution to our understanding of how to promote change.

### INSTALLING TRUE URGENCY

The first is *A Sense of Urgency*. The thesis of this book is that organizations are often missing what Kotter calls “true urgency” when it comes to advancing important business improvement initiatives. True urgency is a strong desire to “move and win, now.” With true urgency, action is alert, fast, and focused on the issues that drive the need for change. Irrelevant activities are assiduously eliminated to free up time and resources for critical activities. True urgency is rare, in contrast with two more common modes of operation: complacency, and a false sense of urgency. In a complacent organization, members are content with the status quo and perhaps fearful of change. The organization focuses inward and is largely oblivious of new opportunities and threats. When there is a false sense

of urgency, members of the organization exhibit anxiety, anger, and frustration. There is frantic activity — many meetings, memos, projects, committees, etc. — a whirlwind of activity that exhausts and stresses people.

The strategy Kotter promotes for creating true urgency is a “hearts-mind” approach, where proponents not only present important facts to support their case but also make an appeal to their audience’s emotions. Kotter points out that a case for change built exclusively on logic and facts might be sufficient for achieving an intellectual commitment to change, but an intellectual commitment alone is not enough to create the focused and determined action that will be needed to see the change through. Rather, proponents of the change must complement the intellectual case with a connection to emotionally compelling needs and goals that elicit excitement. Kotter describes four tactics for realizing the hearts-mind strategy:

- **Bring the Outside In.** Bring compelling data, people, and/or experiences into the organization. An outside influence can shake people out of complacency and focus them on what is important. For example, one company Kotter worked with used videos of frustrated customers to demonstrate the need for change in customer relationship approaches.
- **Behave with Urgency Every Day.** This is simply modeling a true sense

of urgency for others, primarily by avoiding the behaviors associated with complacency and false urgency. For example, focused meetings and follow-up on important issues demonstrates what is important.

■ **Find Opportunities in Crisis.** Crisis can be used to shake people out of complacency. This tactic must be used with care, though. For example, overplaying a crisis could lead to charges of manipulation.

■ **Deal with the No-Nos.** Neutralize those who prefer that the organization remain complacent or would move the organization toward a false sense of urgency.

## ACHIEVING BUY-IN

The second of Kotter's books, *Buy-In*, primarily deals with the issues of "no-nos" — people who object to new ideas and change. Kotter believes objections to any kind of new idea fit into a consistent typology. *Buy-In* reviews this typology and suggests approaches for dealing with common objections. To illustrate how Kotter's ideas apply to government finance, we will consider how some of Kotter's common objections might apply to adopting formal financial policies. These objections are presented below along with suggested responses that the proponents of the policy can give. The responses are derived from Kotter's work. Before exploring the objections and responses, though, we must note a critical feature of Kotter's approach. He believes responses that rely on a great deal of data and logic are suboptimal because these responses will lose the audience's attention. Rather, the response should rely on "clarity, simplicity, and common sense."

**The Policy Is a Good Idea, but this Is Not the Right Time.** There is almost always a reason to hold off on any new idea. Kotter points out the importance of moving forward when an idea is top-of-mind for people and they are excited about it. For a financial policy, the act of working collaboratively with elected officials to develop a policy should raise interest in the policy. For a policy to have a real impact on the board's governance, it should be enacted while it still has people's attention.

**It Will Be Impossible to Get Unanimous Agreement on the Policy.** It is usually difficult or impossible to get unanimous agreement on most new ideas or policies. However, that needn't prevent moving forward. Boards often pass new actions without unanimous agreement. But while a policy can go forward with less than unanimous support, the supporters need to comprise more than a slim majority, and they need to be deeply committed. To form the core of deeply committed supporters, Kotter recommends forming a "guiding coalition." A guiding coalition must include individuals with the right skills and influence to affect change, the expertise to make good decisions, and the credibility and leadership to get others to follow.

**The Proposed Policy Leaves Too Many Questions Unanswered.** A new policy will likely raise many questions, including how it will work in practice. While answering major concerns is important, it will probably be impossible to answer all questions opponents might raise. Kotter recommends not allowing an opponent to get the audience sidetracked with a litany of questions by respectfully pointing out that new ways of doing things will

always raise questions, many of which cannot be answered with complete certainty before moving forward. Also, since financial policies are an established public financial management best practice, the proponent of the policy can also point out that many other governments have moved forward with financial policies successfully, also without having answered every possible contingency that might arise.

Another strategy is to consider a more incremental approach to policy adoption and implementation if there are elements that are holding up the passage of the whole policy. Could those elements be revisited later so the other parts are passed now? Kotter refers to this as generating short-term wins and then consolidating the gains to produce more change. Of course, first consider what the consequences and risk would be if those parts of the proposed policy are not put in place right away.

**The Proposed Policy Goes Too Far.** This objection provides the proponent with the opportunity to point out that there is, at least, apparent agreement that some kind of policy is needed (it's just that the current proposal is too much). That means that the government can proceed with the development of the policy and if the policy does, in fact, go too far, it can be scaled back.

**This Policy Diverges from Our Traditional Values.** A new policy might be seen as a change to how the board exercises governance. Since the officials will naturally believe that they govern in accordance with the community's values already, a new financial policy might face objections on the basis that it will change these values.

Proponents can point out that policies are really about upholding values, perhaps in the face of a changing financial and economic environment. It is important to also point out that the values a policy is upholding are deep, fundamental values like fairness to taxpayers and transparency of financial condition, not procedural traditions (which very well may need to change).

Another version of this objection is that policies are not seen just as a change to, but as an indictment of past practices. In this case, the proponent can point out that the policies are merely building on the good work that people have done prior to the policy and are helping to formalize the intent to continue with good financial man-

agement practices for future generations of public officials.

**It Won't Work Here Because We Are Different.** While it is true that all governments are different to some extent, they are also very similar in many ways. Pointing out similar problems that other governments have faced and how they have used financial policies is a good response to this objection. Also, a collaborative policy development approach will help ensure the board and management that a generic policy isn't being applied without customization.

*Buy-In* discusses many other possible objections to new ideas (twenty-four objections) and provides potential solutions. Kotter illustrates the application

of his ideas with a fictitious scenario of proposing a new idea at a public library board meeting. As the Government Finance Officers Association's research with financial policies has shown, Kotter's ideas should have application to a variety of public-sector settings.

## CONCLUSIONS

Public finance officers would profit by familiarizing themselves with Kotter's work so they can become more effective proponents for the changes their governments will need to consider. ■

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